



Review of the Local Government Implementation of Standards for Processing Business Permits

Investment Enabling Environment (INVEST) Project

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LIST OF ACRONYMS

ARMM	Autonomous Region of Muslim Mindanao
ARTA	Anti-Red Tape Act
ASEAN	Association of Southeast Asian Nations
BAN	Business Account Number
BFP	Bureau of Fire Protection
BIR	Bureau of Internal Revenue
BOSS	Business One-Stop-Shop
BPLO	Business Permit and Licensing Office
BPLS	Business Permit and Licensing System
C/MEO	City/ Municipal Engineering Office
C/MTO	City/ Municipal Treasurer's Office
CDA	Cooperative Development Authority
CPDO	City Planning and Development Office
CTC	Community Tax Certificate
DILG	Department of the Interior and Local Government
DTI	Department of Trade and Industry
DOST	Department of Science and Technology
ECC	Environmental Compliance Certificate
EO	Executive Order
FGD	Focus Group Discussion
FSIC	Fire Safety Inspection Certificate
FSIF	Fire Code Inspection Fee
GIZ	German Agency for International Cooperation
ICTO	Information and Communications Technology Office
IFC	International Finance Corporation
INVEST	Investment Enabling Environment Project
JIT	Joint Inspection Team
JMC	Joint Memorandum Circular
LGA	Local Government Academy
LGU	Local Government Unit
MC	Memorandum Circular
MoA	Memorandum of Agreement
NGA	National Government Agency
PHIC	Philippine Health Insurance Corporation
PBR	Philippine Business Registry
RHU	Rural Health Unit
SEC	Securities and Exchange Commission
SSS	Social Security System
TOP	Tax Order of Payment
USAID	United States Agency for International Development
WB	World Bank

I. INTRODUCTION

1. Context and Background of the Study

The Investment Enabling Environment (INVEST) Project of United States Agency for International Development (USAID) aims to assist the Philippine government in improving the enabling environment for investments. It has two broad objectives: (1) to lower the cost of doing business attributed to local level regulations and processes in securing business permits; and (2) to increase the flow of private investments and the number of business start-ups in the Philippines.

Relative to the first objective, the Project commissioned the conduct of this study that reviews the implementation of Joint Memorandum Circular (JMC) No. 01, series of 2010 (hereafter referred to as the JMC) that was issued by the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry (DTI) to set standards for processing applications for new businesses and business renewals.¹ The DTI and DILG initiated a review of the policy after three years of its implementation with support from USAID through the INVEST Project.

Issued with an accompanying Joint Administrative Order, the JMC (provided in Annex 1) was issued following President Aquino's call for local government units (LGUs) to streamline their processes and make these easier for businesses to start their operations. Consistent with the provisions of Republic Act No. 9485 or the Anti-Red Tape Act (ARTA), the JMC imposed a set of standards to be followed by LGUs in simplifying their business permit and licensing systems.

Under the JMC, five standards were set in processing business permits. These were: (1) use of a unified application form; (2) a minimal set of documentary requirements accompanying the application form; (3) maximum of two required signatories; (4) maximum of five steps; and (5) processing time compliant with or below the requirements set forth under the ARTA for both simple and complex transactions. Further, the JMC also contained guidance that could help the cities and municipalities comply with the standards, such as removing redundancies related to inspections and granting of clearances in connection with the business permitting process.

The JMC provided the enabling policy guidance for the nationwide rollout of the business permits and licensing system (BPLS) streamlining program undertaken by DTI and DILG in 2010, which initially targeted 480 priority LGUs. The annual report of the Local Government Academy (LGA) in 2012 indicated that 94% (451) of the priority LGUs have already streamlined their processes. Outside of the priority LGUs, an additional 574 LGUs also received training from the pool of DILG and DTI coaches, with 65% reported to have completed the process.²

Despite the high percentage of reported compliance in BPLS streamlining, there had been observations by stakeholders of differing applications and results of the standards. Moreover, the pending integration of the Association of Southeast Asian Nations (ASEAN) economies by the year 2015 makes the challenge to further simplify the business permitting process to improve the Philippines' business competitiveness a even more compelling one.

¹ This study was prepared by Professor Simeon Ilago and Mr. Jay de Quiros. This study is in compliance with the Project Deliverable No. 2 (Output 2.2) under Program Area 1.2 of Component 1

²The figures were based on monitoring results received by the LGA from both DTI and DILG regional offices, based on the reports submitted by the LGUs to the DILG field offices.

2. Objectives of the Study

The objectives of the study are:

- (a) to determine the extent of implementation of the JMC standards in business registration;
- (b) to evaluate the issues and problems encountered by cities and municipalities in the implementation of and in complying with the JMC standards; and
- (c) to recommend measures to further enhance the streamlining of the business registration process in LGUs for consideration of the DILG and DTI.

3. Framework and Methodology

A simple analytical framework guided the study. The framework asserts that like any policy, the JMC has an underlying causal theory. For the JMC, the underlying causal theory is that the establishment and definition of policy standards on BPLS streamlining would lead to a uniform adoption of BPLS streamlining by LGUs. With all LGUs uniformly adopting the standards, the BPLS process will be characterized by shortened steps and processing time, thus improving the overall business competitiveness of the LGUs in the long run, and consequently, the country as a whole.

For this study, the causal theory is limited only to the link between the JMC and the LGU adoption of the BPLS standards as a result. The framework assumes that a uniform adoption of the BPLS standards is conditioned by the structure and arrangements for implementing the standards, the degree of complexity assumed for its implementation, and the awareness and understanding of the actors and stakeholders involved in its implementation, either as implementing agents or as beneficiaries. As such, a uniform and substantial adoption of the standards is predicated on the following: (a) that the policy objective and implementation arrangements are clearly expressed in the policy document; (b) the policy content and objectives are uniformly and consistently interpreted throughout the process of implementation; and (c) the implementation arrangements are consistent throughout the process.

The findings and analysis of the study were drawn from the following:

- A review of the JMC and its accompanying administrative order;
- A review of available literature on BPLS streamlining;
- Results of interviews conducted with key informants, including regional implementers and coaches in Region 3, 6 and 12, and participating LGUs in three focused group discussions (FGDs) that were conducted in Quezon City (for LGUs in Luzon), Iloilo City (for LGUs in Visayas), and Cagayan de Oro City (for LGUs in Mindanao). A structured questionnaire was prepared and furnished to the LGUs for the conduct of the FGDs (provided in Annex 2);
- Field visits and interviews conducted in the three partner cities of INVEST – Batangas City, Iloilo City, and Cagayan de Oro City;
- Information from other LGUs that have streamlined or are in the process of streamlining, including city government personnel of Valenzuela; and
- Interviews with LGA staff, the capacity building arm of DILG.

A total of 26 LGUs participated in the FGDs organized for the review (refer to Table 1)..

Table 1. Participant LGUs in the Focus Group Discussions

Luzon	Visayas	Mindanao
Calamba Olongapo San Jose Del Monte Lipa (Science City of) Muñoz Kawit Tarlac City Cabanatuan City Biñan	Sta. Barbara Passi City Jordan Nueva Valencia Sibunag Bta Concepcion Iloilo City Dumaragas Roxas City	Iligan City Tubod Opol Malaybalay Valencia City El Salvador City Manticao

II. RESULTS AND FINDINGS OF THE REVIEW

A. Review of Policy Objectives

The JMC declares as its purpose the provision of information on service standards and guidelines for streamlining BPLS in cities and municipalities, following benchmark service standards set under the ARTA. The underlying policy objective is to enhance competitiveness at the national and local levels through reforms that reduce the cost of doing business and address other policy issues that constrain investment at both levels.

The underlying policy objective is clear and remains relevant three years after the JMC's issuance. Most LGUs that participated in the FGDs were moderately to highly aware that their exercise of reforming their BPLS was due to the JMC. Some opined that their implementation of the standards was basically to comply with the directives from the national government, suggesting that more action and communication is needed to frame the reform from the perspective of its benefits for the LGUs (e.g. more revenues).

B. Review of Capacity Building Activities

The JMC provided that implementation should proceed based on a prioritized phasing, where targeted LGUs that make up the critical mass of business establishments in the country and those with investment potential made up the priority list. These were supposed to receive training and coaching from DILG and DTI coaches and trainers that made up the pool of implementers for the JMC.

It also identified that training workshops and coaching sessions were to be extended to the LGUs included in the priority list. For the LGUs that were not part of this list, they were envisioned to undertake streamlining on their own, but they are expected to enroll in training programs provided by the LGA and other private sector providers.

To prepare for the rollout, the government through LGA organized a series of training and coaching workshops for BPLS facilitators per region, except for the Autonomous Region for Muslim Mindanao. A pool of consultants was tapped to shape the design and content of the training and coaching sessions. Development partners such as USAID, World Bank-International Finance Corporation (WB-IFC), and German Agency for International Development (GIZ) supported the work of the consultants, though this support did not extend to the actual rollout of the BPLS streamlining project to the rest of the LGUs.

In the interviews, an operational issue that was mentioned was the harmonization of views among the consultants regarding the BPLS reform process to be advocated as well as the approach to be used. The complexity of the project and the fact that it was considered an important project led to tight timelines and deadlines, and the need for flexibility in administering the workshops as these were being conducted. For example, interviews mentioned that modifications were made on the training design and on the management of the second batch of coaches based on the experience from the pilot training. Thus the design of the training for the second batch had gained from the first run, but the subsequent inputs made the second batch different from the first.

There was also an attempt to prepare a manual of operations to be used by the LGUs, but it appeared that this was not finalized or published in time for the LGUs to use. A help desk was established with USAID assistance and located at the LGA website that was intended for the trained regional coaches and by extension, the LGUs. The LGA, however, did not have the personnel to manage the website nor did it engage other agencies such as the Department of Science and Technology or the DTI to assist in responding to the queries of the coaches and LGUs. Measures that would help determine the effectiveness of the help desk were lacking.

At the regional level, the regional coaches had the discretion to make adjustments to the schedule of rollout of the BPLS project. In one of the regional offices visited for this study, the approach followed was a training workshop that was handled by both DILG and DTI staff, without follow up. In another region, the work was divided between DTI and DILG, with DILG taking care of the orientation and DTI taking care of follow-up work and monitoring.

Among the implementers, the process to be followed was not very clear, and there was no uniform interpretation of the standards. For example, some implementers thought that the unified application form is a fixed form that cannot be revised, while others believed that UAF could be modified to suit the LGU's needs.

C. Review of Policy Implementation

The five standards for processing business permits are:

- (1) Use of a unified application form (UAF);
- (2) A minimal set of documentary requirements accompanying the application form;
- (3) Maximum of two required signatories;
- (4) Maximum of five steps; and
- (5) Processing time compliant with or below the requirements set forth under the ARTA for both simple and complex transactions.

1. Use of a Unified Application Form

The use of a UAF was intended to address the issue of filling out too many forms when applying for a business permit in many LGUs. The UAF was prescribed to ease this burden, which already incorporates the requirements of the different units/departments of the LGU and certain national government agencies (NGA), such as the Philippine Business Registry (PBR).

As defined in the JMC, the unified form is “a single common document issued by an LGU to a business applying for registration that contains the information and approvals needed to complete the registration process and facilitates exchange of information among LGUs and NGAs.” A template of the UAF was attached to the JMC to guide the LGUs in implementing this standard. The template, which was formulated by a Technical Working Group composed of the Business Permits and Licensing Officers (BPLOs) of cities in the National Capital Region, was made consistent with the PBR..

As described in the JMC, the UAF contains all the information requirements needed by the LGU to complete the registration and permitting process; its contents will be useful for harmonizing the information requirements between LGUs and NGAs.

Most LGUs have adopted the UAF. By practice, the form is issued by the BPLO or equivalent business licensing office of the LGU and used by its other regulatory offices. However, some LGUs noted that the UAF is not used for processing the Fire Safety Inspection Clearance (FSIC) by the Bureau of Fire Protection (BFP), and that the BFP uses a separate form.

Some LGUs issue application forms with an affidavit or oath of undertaking either integrated into the form itself or attached as a separate sheet. Others retained the space in their forms for the required notarization by a notary public, while in some, the forms were observed to have the local administrator, BPLO head or treasurer as the administering authority.

Differences in the treatment and valuation of the information contained in the form were observed. Lower-class municipalities said that they have fewer information requirements. And that they only have few businesses applying for a permit, most of which are small businesses, so some of the information fields in the form are less useful. LGU representatives to the FGDs shared that some business applicants, particularly those with small businesses, have difficulty completing the form. In these cases, the frontline staff helps in filling in the information required.

Based on another study conducted by INVEST, the following fields are either not usually filled out by the applicant or are not validated by the LGUs: (a) number of employees; (b) incentives provided to the applicant; (c) disaggregation of gross sales into essential and non-essential. Different LGUs also have different categories for the field “line of activity”.

LGUs that have automated their assessment and payment procedures consider the data fields on assessment to be no longer useful since the information is automatically processed and generated. As an example, one of the newly-created cities in Laguna issues an application form limited only to page 1 of the unified form, as the assessment charges (found in a succeeding page of the UAF) are computer-generated and printed. LGUs with vendor-installed information systems were faced with the issue of modifying the relevant module on the application form or information sheet, more so if the existing system maintenance agreements did not cover such additional activities.

The JMC did not specify whether LGUs could exercise flexibility in the adoption of the UAF: Whether the UAF is a fixed form to be adopted by all LGUs and to be used by all regulatory offices involved in business licensing or a form that may be modified by LGUs to suit their situation. The LGUs and the regional coaches from DTI and DILG had differing interpretations on the issue. One interpretation is adding information fields that are important for the LGU is allowed but taking out information fields from the template is not allowed. However, some LGUs were of the impression that they could simplify the form.

Another issue that surfaced in the FGDs and interviews is whether applicants seeking to renew their permits need to be required to fill out the unified application form again or simply submit only the information needed to process the renewal of their permits. A number of LGUs are thinking of simplifying the renewal process by asking the applicants to provide only the information needed for renewal, and retrieving the previous application forms that had been used in their application for a new business permit.

Timing of the implementation of the reforms also mattered. For instance, the use of the UAF is often the last among the standards that were adopted by the LGUs, according to regional coaches. Part of the reason is the cost of printing a new set of forms and the desire of the LGUs to first exhaust the supply of old forms. Thus, the ideal time to consider reforms on the application form is after the annual renewal period for business permits, when the stock of forms has been fully exhausted or substantially reduced.

The use of control numbers on UAFs also requires further study. Control numbers are used by some LGUs as a way of restricting the distribution of the form to those that the BPLS personnel consider to be legitimate applicants. This policy on control numbers will bear on the design and use of downloadable forms. It also suggests a pre-judgment of business applicants on whether they are suitable and qualified to operate a business within an LGU.

2. Maximum of Two Required Signatories

Under the JMC, signatories are defined as “the final approving authority or authorities whose signatures are affixed to a business permit or mayor’s permit to make the document legal and binding in the eyes of the law.”

According to the JMC, all cities and municipalities shall limit the number of signatories required in processing new business applications and business renewals to five signatures, following the ARTA. The prescribed five signatories for the processing of the application shall be officers directly supervising the office or agency concerned, according to Section 8d of the ARTA. It must be noted that the term “signatories” in the cited section refer to signatures, and not to initials.

The LGUs are enjoined, however, to require a maximum of two signatories only – the Mayor and the Treasurer or the BPLO – on the actual business permit. Alternate signatories may be deputized by the Mayor to avoid delay in the release of the permits.

Interpreting the definition and provisions on signatories under the JMC point to two types of signatories: (a) signatories critical to the processing of the business permit application, and (b) signatories on the business or Mayor’s permit.

Most LGUs interpreted the standard on the number of signatories to refer to the signatures appearing on the business permit or mayor’s permit. Most LGUs designate only one signatory – the Mayor – with the BPLO Chief, the Treasurer or the Administrator designated as alternate signatories in the absence of the Mayor. Some, however, do not have alternate signatories to the Mayor due to a narrow interpretation of the provision on signatories that the designation of alternate signatories is not a requirement but a discretion, since the relevant section of the JMC only provides that alternate signatories “may” be properly deputized by the Mayor. This arrangement oftentimes leads to delay.

Another cause of delay is when the Mayor insists on personally signing the permits, rather than have his or her signature appear as part of a pre-printed form. This situation is often experienced in times of political transition. In one LGU, the transition meant reverting from the use of pre-printed and signed permits to permits personally signed by the new Mayor. In another, this meant having the City Administrator countersign the permit before it is signed by the Mayor.

An issue arising from this standard is the treatment of counter-signatures and initials. In most LGU procedures, counter-signatures and initials are a procedural requirement that signify that certain processes have been completed and reviewed by the responsible staff or officer, and that action or decision of an authority is endorsed. Some LGUs count the counter-signatures and initials on the business permit, while others do not include these in their count.

3. Maximum of Five Steps

The JMC provides that all cities and municipalities shall ensure that applicants for business registration shall follow five steps in applying for new business permits or for business renewals. The steps are:

1. Securing an application form from the city or municipality;
2. Filing or submission of the accomplished application form with attached documentary requirements;
3. One-time assessment of taxes, fees and charges;
4. One-time payment of taxes, fees and charges; and
5. Securing the Mayor's permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

a. Definition of a Step

A reading of the JMC's provision suggests that the steps were prescribed from the point of view of the business applicant based on the action words used, such as "securing", "filling or submission", and "one-time payment". The applicant first secures an application form from the LGU and proceeds to secure the Mayor's permit after going through the other intermediate steps. This perspective is indicated in the steps except for step 3 (one-time assessment of taxes, fees and charges), which can either be interpreted as an action received by the applicant or an action done by the LGU staff or officers. Most LGUs, however, treat the standard steps from their point of view as the process owner.

The definition of a step as provided in the JMC needs further clarification. Regional and field coaches say that the step definition must be from the perspective of the business applicant. The JMC defined a step as referring to "an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses". This definition creates a problem when measuring the number of steps within a particular LGU's permitting process. The ambiguity lies in three aspects:

- Action has been defined in the definition of terms solely from the perspective of the government. As the definition states, an action refers to the "written acknowledgment of receipt, approval or disapproval made by a government agency or office on the application or request submitted by the client for processing".
- Action/s may be initiated by either the business applicant or the government agency. If the action is taken by the business applicant, the action may be outside of the control or jurisdiction of the LGU, hence is not counted as a step by the LGU, although it forms part of the process from the business applicant's perspective. Examples of these actions are securing a *barangay* clearance, a community tax certification, a homeowner's certification of residency, and other clearances. On the other hand, the action may not

involve the business applicant and only the LGU. Examples of these are the review of assessments, checking of compliance with documentary requirements, and checking of payments.

- The action may be related to the application for a business permit, or part of processing the application. Again, the step may not be counted by the LGU as part of the process.

Not surprisingly, the validation assessment conducted by LGA in 2013 using a small sample of LGUs noted the confusion among LGUs on the interpretation of the five-steps standard. Results of the interviews and FGDs also pointed to varying interpretations of the standard. Some of the variations in interpretation are:

- The identified steps do not take into account the beginning and completion of the process. Securing of application form is not considered the beginning of the process, even if JMC No. 01 explicitly states so, and the application forms need to be obtained directly from the LGU office. Payment of fees at the Treasurer's office is assumed the final step of the process, even if the applicant still has to get the actual mayor's permit or business license from another office, at times scheduled for another day.
- Several steps are combined into one step, even if in the process, the applicant has to complete separate transactions in different offices. For example, indicating Assessment as a step but leaving out the defining characteristic of the step – "one-time" – in the information signage, hand-out or publication, either by design or by omission. The "Assessment" step would actually involve different forms of assessment by various regulatory offices and by the BFP. A similar arrangement has been observed with the "Payment" step.
- Actions taken by the business applicant to secure the needed clearances prior to submission of the application are not identified as steps.

Examples of individual interpretations of some LGUs are described in Table 2.

Table 2. LGU Interpretation of the Five-Steps Standard

<p>EXAMPLE 1 – Municipality in Iloilo province</p> <p>-Reduced the process from seven steps to only three steps, which are: (a) Issuance of BPLS standard form; (b) Assessment of Annual Business Tax; and (c) Payment of Annual Business Tax and Community Tax Certificate.</p> <p>-On-site review and validation by DTI coaches showed that the process actually had five steps. The municipality's three-step process did not account for the entire process, up to the claiming of the permit.</p>
<p>EXAMPLE 2. Municipality in Iloilo province</p> <p>-Indicated four steps, namely: (a) Secure application form; (b) File application form and submit clearances; (c) Assessment and payment (treasurer and BFP); and (d) Issuance/claiming of the Mayor's permit.</p> <p>-Upon clarification, assessment and payment under Step 3 are actually separate actions done by the business applicant, and separately done by the LGU and BFP.</p>
<p>EXAMPLE 3. Municipality in Zambales</p> <p>-Process flow for securing a business permit, according to a printed brochure, is as follows:</p>

Step 1

Counter 1 - Submit the required documents to the Verification/Application/Assessment Section and wait for the computation of fees.

Counter 2 - Pay the assessed fees to the assigned Revenue Collector and claim an Official Receipt. Claim the printed Business Permit.

-Secure the following additional requirements: FSIC to be applied and secured from the BFP Desk; BIR clearance from the BIR Office.

Step 2

-Present the above documents (printed business permit, OR including FSIC and BIR clearance) to the Municipal Mayor for final approval. Claim the business permit and plate from the assigned releasing clerk at the Office of the Municipal Mayor.

-The business permit is considered as separate from the Mayor's permit. The municipality has a different process flow for securing a Mayor's Permit.

EXAMPLE 4. Highly Urbanized City in Metro Manila

-Process for the renewal of business permit as indicated in its website is as follows. The possible number of steps implied in each procedure is enclosed in parentheses.

-The applicant/taxpayer submits a duly accomplished and notarized business renewal application form with the required documents to the designated licensing officer. (1 step)

-Applicants for food businesses and businesses requiring Environmental Compliance Certificate (ECC) are required to have their application forms registered and stamped at the City Health Office. (1 step)

-All application forms shall register with the Engineering Department for stamping and possible reassessment of fees.(1 step)

-Regulated businesses such as amusement and gaming establishments (nightclubs, beer houses, bar and *videokes*, OTB's, computer rentals, internet café, billiards, etc.) are required to submit a duly notarized Memorandum of Agreement (MoA) approved by both the license chief and the Task Force Anti-Vice. (1 step)

-The application is presented to the designated licensing officer who checks the accompanying requirements and makes an assessment of the corresponding local taxes based on the gross sales declared by the taxpayer as well as regulatory fees and affixes his signature as the assessor. (Could be counted together with Guideline no. 1.)

-The application form is forwarded to the assigned examiner who reviews the assessment and checks the accompanying documents therein and thereafter affixes his signature if found in order. (Could be considered as backroom operation.)

-Thereafter, the application form is presented to the assistant chief of BPLO chief for final review and approval. (Could also be considered as backroom operation.)

-Upon approval, the application is transmitted to the EDP Section for billing of the Tax Order of Payment (TOP). (Could also be considered as backroom operation.)

-After TOP encoding, the taxpayer is instructed to secure a separate order of payment (for the fire fee assessment) from the Fire Department, and to pay it separately with the remaining net payable (as indicated in the TOP) at the City Treasurer's Office. (2 steps)

-The applicant/taxpayer goes back to the BPLO to present the paid TOP with the corresponding ORs (original copies) of the fire fee and business permit fee to the Records Section to claim the computerized Mayor's permit. (1 step)

- The applicant is advised to claim the license plate and sticker. (Could be counted together with guideline no. 10.)

-The number of steps will range from five to seven steps depending on the business type. It must be noted that the step of securing the application form is not counted in the process.

EXAMPLE 4. Highly Urbanized City in Metro Manila

- This city has the following published steps for securing a new business permit. The possible number of steps implied in each procedure is enclosed in parentheses.

-Go to the Business Permits Office, located at the 2nd floor of the City Hall, and have the receiving or processing

clerks furnish you an application form and inform you of the requirements. (1 step)

-Proceed to the Engineering Department at the 3rd floor and have them (prepare an) Order of Payment for your Annual Inspection fees for building, electrical, plumbing, mechanical, and other requirements. Then proceed to the City Planning and Development Office 2nd floor and have them also (prepare an) Order of Payment for Locational Clearance fee. (2 steps, one each for Engineering and CPDO. The offices are located on different floors.)

-Proceed to BPLO 2nd floor for your Business Account Number (BAN). (1 step)

-Proceed to Ground floor Treasury office for your assessment of taxes and fees, pay the necessary amount at the Teller Division and secure an official receipt. (1 step)

-After payment, proceed to the following offices for counter-signing of the Business Permit application.

Sanitation Office (1 step)

CPDO (1 step)

Tourism Office (1 step)

Engineering Office (1 step)

City General Hospital, City Veterinary Office (if applicable) (1 or 2 steps if both are needed)

City Fire Marshall (1 step)

-Go back to the Business Permits Office for the Mayor's permit and approved business permit/license. (1 step)

-There would be 11 steps instead of the published six steps that an applicant needs to go through to get a new business permit in this city; 12 if he/she has to go to City General Hospital or City Veterinary Office, or 13 if he/she has to go to both.

b. Review of the Five Standard Steps

1. Securing the application form from the city or municipality.

LGUs' understanding of the first step do not appear to be clear, notwithstanding the provisions of the JMC. Some LGUs do not consider the act of securing of application form as the first step, but rather the submission of the completed application form with the attached documentary requirements. One reason given is that the JMC itself considers the submission of the application form as the start of reckoning the processing time. Another argument is that some business applicants get the application form but delay submission, or do not proceed with their application at all.

2. Filing or submission of the application form with the attached documentary requirements.

Some LGUs consider this as the first step of their process, even if the business applicant has to go to the city/town hall to get the application form and the information on the documentary requirements.

The type and kind of documents required for the business license application vary in LGUs. Common requirements are those related to business registration and ownership (DTI, SEC registration), *barangay* clearance, community tax certificate and proof of location. Some LGUs impose additional requirements, e.g. (a) proof of a "No Smoking" sign posted at business site; (b) consent of neighbor and the community; (c) proof of real property tax payment for the property where the business is located, even if the property is only being leased by the business applicant who has submitted the lease contract as proof; and 4) inspection of the business location prior to the issuance of the *barangay* clearance (required by a barangay in the central business district of a highly urbanized city in Metro Manila).

Some *barangays* require a certification from the homeowners' association, or knowledge by the business applicant of the homeowners' association officers, before the *barangay* clearance is

issued. Some require *purok* clearances as prerequisite for the issuance of the *barangay* clearance. The requirement of securing police clearance before processing a business application was also taken up in the FGDs. The rationale appears to be for public safety and security reasons. Whether securing this clearance prior to business operation, rather than active law enforcement and inspection, would prevent the use of business for illegal purposes is the question.

A long list of requirements for business license application also impose administrative burden on the LGU personnel tasked to validate these requirements. Some of the documents and information being requested for business license application are also requested by other units of the LGU in processes that precede that of applying for a business license, such as securing building and occupancy permits. Instead of BPLOs asking for data that have been already acquired by another unit, the LGU should perhaps opt to establish a mechanism for sharing information.

DILG's Memorandum Circular (MC) No. 2011-15 (Annex 3) recognized the administrative burden of a requiring a long list of documents, including those, such as securing the *barangay* clearance, that contradict the objective of making the process of registering a business more efficient. The MC mandated a stop on administrative requirements or verbal impositions by processing officers that are not covered by law, zoning ordinance and other regulations. It seems, however, that most LGUs are not aware of, or have not complied with this circular. Hence, a set of guidelines is needed that will create a common understanding of the basic requirements that will satisfy the information needs of the LGUs.

3. *One-time assessment of taxes, fees and charges.*

Most LGUs claim compliance with this step, but inputs gathered from the FGDs and interviews show more than one instance of assessment in some LGUs.

In a city in Laguna, the assessment of applicable fees and charges are done separately by the local regulatory offices, and then collated by the BPLO for the printing of the Tax Order of Payment (TOP). The BPLO assesses the business taxes due, but the final approval of the assessment is done by the City Administrator. This requires the business applicant to go the Administrator's Office at the second floor to get the review and approval of the BPLO assessment. In another city in Laguna, the assessment of the engineering fees (plumbing, mechanical and electrical) is separately done by the Engineering office with a separate TOP.

The location of the regulatory offices and administrative arrangements within offices also impede one-time assessment. In a city in the Cordillera region, the regulatory offices are located outside the city hall complex. In a municipality in Cavite and in a city in Laguna, health service delivery is administratively divided between two rural health units (RHUs) so that the business applicant needs to go to the RHU that covers the location of the business for processing of the sanitary permit application, including the assessment of the applicable fees. In both LGUs, one of the RHUs is located outside of the city/municipal hall.

Fire inspection fees are still assessed separately by the BFP and are reflected in a separate TOP in some LGUs. Some local BFP stations have jurisdiction over a number of small municipalities, so that the business applicant residing in a municipality without a host fire station would have to visit the fire station located in another municipality for processing of the FPIC and the related assessment.

4. One-time payment of taxes, fees and charges.

Most LGUs practice one-time payment for local fees and charges. In the FGDs, majority of the LGUs indicated that the fire inspection fees are paid separately to the BFP. Local fire marshals said that the arrangement is consistent with the Revised Fire Code of 2008. Some LGUs reported the inclusion of the fire inspection fees with the rest of the fees for business license through an agreement (not necessarily a MOA) with the local BFP.

5. Securing the Mayor's permit upon submission of the Official Receipt as proof of payment.

Most LGUs considered themselves compliant with this step. But similar to the “one-time assessment” and “one-time payment” steps, this step is actually accomplished through a combination of several steps. The common process is for the business applicant to submit the official receipt to the BPLO for verification and recording. If the BPLO has been authorized to issue the Mayor's permit, business plate and sticker, the business applicant need not go to another office to claim it. In other LGUs, however, the applicant either needs to go to the Office of the Mayor or to the Office of Administrator for the issuance of the permit and come back to the BPLO for the plate and sticker or for the recording of the release of the permit.

4. Processing Time

As defined by the JMC, processing time consists of the transaction time, waiting time and travel time within the site provided by an LGU for business registration for an applicant to receive his/her business permit. The definition in the JMC did not identify the start for reckoning processing time, but this is taken to be understood as starting from the filing of the application form (as indicated in process table of the standard steps in Annex 2 of the JMC). The JMC adopted the ARTA definition of a complex transaction and applied it to the processing time for new business applications; and its definition of a simple transaction to the processing time for applications for business permit renewal. As such, the maximum number of days per ARTA guidelines to process new business applications should not exceed ten days, but LGUs are “enjoined” to complete the process in five days or less, based on the experience of LGUs that have already streamlined the process. As for business renewals, LGUs are encouraged to complete the process in a day or less.

Transaction time, waiting time and travel time within the site provided by the LGU for business registration are the three components of processing time. However, all of the LGUs reviewed and those that participated in the FGDs reckoned processing time solely on the basis of transaction time, which is interpreted as the time spent to complete the transaction related to a business permit application by an office within the LGU.

LGUs have expressed reservation on measuring processing time to include waiting time and travel time. They argue that they do not have total control on the actions taken by the business applicants in between transactions. For example, business applicants may decide not to complete the process in a day, but to come back several times to complete it. The LGUs were also reluctant to include the transaction time involved in steps outside of the LGU, such as processing of the FSIC by the BFP.

Below are operational issues related to processing time:

- If the model of the permitting process that is followed by the LGU integrates the securing of clearances and permissions prior to processing of the application, then each of the transaction must be considered part of the process, hence, part of the processing time to complete the business application.
- The criterion for travel time only involves travel within the site provided by the LGU for business registration. But the regulatory offices of some LGUs are located in different sites. Not all LGUs operate one-stop shops on a year-round basis, thus the business permitting process would involve shuttling from some offices within the city/municipal hall complex to other LGU offices in other parts of the locality.
- Most LGUs do not keep a consolidated logbook to track processing time. Usually, the regulatory offices involved in the processing of the business permit application keep their own logbooks to record the processing time within their respective procedures.
- Processing times are based on the claims of LGUs. There is no standard procedure or method for external validation that the claimed processing time is followed on the average.

5. Inspections and Formation of Joint Inspection Teams

To enable LGUs to comply with the prescribed five steps, the JMC recommended that inspections related to zoning and environmental protection, building and fire safety, and health and sanitation shall not be conducted as part of the requirements for business registration, provided that these inspections had been undertaken during the construction stage. The JMC further noted that inspections for these requirements shall be undertaken within the year after the issuance of the business permit.

The FGDs reveal that most LGUs have already issued executive orders (EOs) for the creation of a joint inspection team (JIT). Not all the LGUs, however, proceeded with the actual mobilization of the JIT. From the JITs that were actually mobilized, not all are fully functional. Issues often mentioned with regards to the JIT's activation and operation are: the lack of budgetary allocation for its operations; the non-availability of members of the JIT, equipment and vehicle; and the difficulty of setting joint schedules. Despite the EOs, certain designated members of the JIT still do not join inspections as scheduled.

Except for a few LGUs, the use of a manual or guide for inspections was not mentioned in the FGDs or interviews.

6. Memorandum of Agreement with the BFP

Section 4.2.2.3 of the JMC provides that the "Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement the above steps." Results of the review show that this provision was hardly applied.

Local fire marshals had mixed feelings on entering into a MOA with LGUs regarding assessment and collection of fire code fees for the following reasons:

- Local fire marshals want a definitive administrative order from the central headquarters of the BFP that entering into a MOA with LGUs and allowing the LGUs to collect the fire code fees are legal and allowed under the revised Fire Code. One of the fire marshals opined that the MOA should be between the DILG and the BFP, overlooking the fact that the BFP is an attached agency under the DILG.
- The local BFP is pressured by the central office to increase their revenue collection of fire code fees; some local fire marshals still remember instances in the past when LGUs failed to remit to the BFP the amount collected for fire inspection.

III. RECOMMENDATIONS

This study puts forth recommendations in strengthening the BPLS reform standards and improving implementation among LGUs. These recommendations are based on an analysis of the findings of the review as well as INVEST's experiences on the ground in undertaking BPLS reforms in the cities assisted under the Cities Development Initiative of USAID.

The recommendations are anchored on five principles:

- (1) Putting primacy on customer needs – Being customer-centric means constantly assessing whether planned results are being achieved, and whether clients (the business applicants) are satisfied.
- (2) Recognition that national and local government requirements are perceived as “government” requirements, irrespective of the level of government – Even processes undertaken before the formal business registration have an effect on the entire process.
- (3) Importance of efficiency in government operations – In general, LGUs are encouraged to adopt this practice: if a document or information has already been submitted to another entity within the LGU, this should no longer be required to the client for any other procedure of the LGU.
- (4) Transparency in government operations – This entails minimizing unclear bases for establishing eligibility to secure permits and computing for requisite fees and charges, as well as reducing opportunities for subjective discretion of processing staff. The more processes there are that require staff discretion, the more opportunities there are for corruption. Linked to efficiency, simplifying and speeding up processes also help LGUs communicate and explain the process to the public. If it's simple, it's also easy to explain.
- (5) Importance of technology – Achieving outcomes for the other four guiding principles can be further facilitated by automation and computerized systems.

All of the recommended guidelines are anchored on at least one of these principles (Annex 8 provides a more detailed discussion of these principles).

A. Recommendations on the Standards for Business Permit Processing

1. Unified Application Form

a. Restate the policy that the unified application form must be used in all transactions involving the application for business permit.

It should imply integrating the different requirements of LGU offices and even NGAs like the BFP in one application form. The latter means that the information requirements of the BFP for the processing of the FSIC should be included in the form that the LGU will distribute to

business applicants, similar to the practice in Batangas city. Implementation of this policy would require the BFP to agree on the policy, which may be instituted through a MOA between the LGU and the local Fire Marshall. LGUs can still use one form for both new registrations and renewals but it can clearly delineate fields that renewing applicants no longer have to fill out unless the information has changed.

a. *Clarify the policy that the form is a template, which could be modified by the LGU.*

The LGUs should be discouraged from adding fields that could pose additional burden to the applicant. The form may be modified, especially if the fields will be further reduced

c. *Remove the following fields, which are currently included in the unified form:*

- *(Form) control #.* The form should be freely available and should not be restricted in any way. Putting control numbers in the forms for the purpose of tracking who secured the forms should not be practiced.
- *CTC #.* This is not necessary and not stipulated under DILG MC 2011- 15.
- *Property Index #.* This information is rarely supplied by registrants and is not necessarily useful for the LGU. And this information may already reside in another office (e.g. Assessor's office, Treasurer's office).
- *Zoning Clearance (in Verification Section).* The fact that the business had been granted Building and Occupancy Permits means that they have already been given Zoning clearance. The application need not be verified by the Zoning Division again. In fact, the Zoning Division need not be involved in the business registration process.

In instances where the LGU already has an automated system, which allows for automatic assessment of the taxes, fees and charges, the portion of the application form can be taken out.

c. *State that the unified application form can be accessed freely and need not be regulated using control numbers.*

LGUs should make the unified form as widely accessible beyond the premises of the LGU using various channels. These may include the following:

- Posting in other public areas for dissemination (e.g. plaza, other LGU regulatory offices, local offices of NGAs, provincial capitol, etc.);
- Making arrangements with private establishments to have copies of the forms available at their shops (e.g. malls, department stores, large chains, etc.);
- Distribution to business establishments prior to business renewal; and
- Making available for download in the LGU's official website and in other websites, as may be possible.

2. Documentary Requirements

a. *Reduce and/or simplify the documents accompanying the application for a business permit in line with DILG MC 2011-15.*

The requirements can be limited to the items listed in Table 3.

Table 3. Suggested Documentary Requirements for New Business Registrations and Renewal of Permits

New Business Registrations	Renewal of Permits
<ul style="list-style-type: none">- Proof of business registration, incorporation, or legal personality - i.e. DTI/ SEC/ CDA registration (<i>preferably no physical copy required</i>)- Basis for computing taxes, fees, and charges (e.g. business capitalization)- Occupancy Permit if required by local laws (<i>preferably no physical copy required</i>)- <i>Barangay</i> clearance (only for business applicants that do not secure occupancy permits because securing such is already a documentary requirement for occupancy permits)- Contract of Lease (if Lessee)	<ul style="list-style-type: none">- Basis for computing taxes, fees, and charges (e.g. Income Tax Returns) and- <i>Barangay</i> clearance

b. *Refrain from requiring the following documents/ information from business applicants:*

- Zoning clearance. The fact that the business had been granted Building and Occupancy Permits means that they have already been given Zoning clearance.
- Location map or sketch/pictures. Similarly, these are no longer necessary as information on location has already been secured when they applied for building and occupancy permits (undertaken before business registration). The BPLO could retrieve information on this from the other regulatory offices concerned in the issuance of building and occupancy permits.
- Tax declaration and/ or real property tax receipt. LGUs should avoid using the permitting process as a compliance mechanism for concerns not directly related to business operations. There should be other means for enforcing tax payment compliance, such as inspection processes. The information is part of the issuance of construction-related permits and are already available with other offices.

c. *Limit the submission of physical copies of the documentary requirements:*

- (i) For registration documents with the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC), or Cooperative Development Authority (CDA), LGUs can verify registration and acquire necessary information through available portals, such as SEC i-view or the Philippine Business Registry (PBR).
- (ii) If documents have already been required during the pre-registration stage (location and zoning clearances during building and occupancy permitting stages), the BPLO can request the copies from the C/MEO, C/MPDO or other offices that have already received these documents.

- (iii) Physical copies of the Certificate of Occupancy/ Occupancy Permit may no longer be required as BPLO offices only need to know whether the business has secured the Certificate of Occupancy to make it eligible for securing a business permit. Such information can be acquired from the C/MEO. The BPLO and C/MEO can set up an arrangement where C/MEO will transmit lists of businesses issued with occupancy permits periodically or immediately upon issuance.
- (iv) Since a *barangay* clearance is already a requirement for securing an Occupancy Permit, LGUs may consider no longer requiring a *barangay* clearance for business permits. For businesses that are not required to secure an Occupancy Permit prior to operation (e.g. billboards), *barangay* clearance can still be a requirement.
- (v) For compliance with social security regulations, LGUs should no longer require applicants renewing their business permits to submit a proof of payment from Philippine Health Insurance Corporation (PHIC) or a clearance from the SSS as part of the prerequisite documents. Following the Memoranda of Agreement between the DILG and the social security agencies, the latter would provide LGUs with a negative list of non-complying business establishments that the LGUs should tag. Their permits can then be renewed on the condition that they address their non-compliances within a prescribed period of time.

LGUs must strive to put in place a comprehensive, preferably automated, information-sharing system so that copies and/ or information can easily be retrieved by and from multiple offices.

- d. *Refrain from soliciting previously-submitted information.* LGUs should be discouraged from soliciting information or requiring documents that applicants have already submitted to the other departments in the city hall.

3. Signatories

- a. *Reiterate the policy of having a maximum of two signatories in the case of the signatures appearing in the mayor's or business permit.*

Equally important, the revised JMC must include a provision that every LGU *must designate an alternate signatory* authorized by the LGU to sign when the mayor is not available. In no case must a permit be withheld or delayed in the absence of a signatory.

- b. *The BFP should limit the number of recommending approvals and signatures associated with the FSIC for Business – i.e. signatories for the FSIC for Business document shall be limited only to the Local Fire Marshall or designated representative and at most, one recommending approval representative.*

- c. *Encourage LGUs and BFP to generate permits/ clearances with prepared signatures of the mayor and other authorized signatories.*

This can come in the form of electronic signatures or manually pre-signed permits (preferably the former).

d. Initials to process and complete the application for a business permit must be counted as signatures.

The number of signatures must not exceed five, per ARTA. Given that there would be one signatory for the final mayor's or business permit, only four other signatures or initials must be reflected on the document: for the approval of the application and endorsement of the encoded information; approval of assessment; approval of payment; and final endorsement of the application.

4. Steps

This review recommends that the step and the number of steps be defined from the perspective of the applicant for a business permit.

a. *Clarify the definition of the step, proposed as follows:*

“Any procedure taken by an applicant as part of the process of applying for and/or processing business permits and licenses that triggers an interface, whether physical or online/virtual, with or an action on the part of the office/unit to which the applicant has presented or communicated with himself/ herself leading to a result (a document, certification, or decision) that is necessary to secure a business permit.”

The above definition considers three elements of a step: an action on the part of the applicant triggers a process; an interface happens between the applicant and a processor (who may or may not be part of the LGU); and a result is produced by the interface, with the result considered essential in securing a business permit. While online/ virtual systems make processes more convenient for the client, it is still considered an interface that leads to a result, thereby still qualifying as a step.

b. *Limit the number of steps to three.*

The LGA reported that, as of June 2014, 1,202 municipalities had already “completed streamlining their BPLS processes and are compliant with the BPLS standards”.³ This review, however, suggests that the standard steps as identified in the current JMC can further be streamlined/ tightened to three steps, namely:

Step 1: Submission of complete accomplished application form with attached documentary requirements and one-time verification (“Application Filing and Verification”);

Step 2: One-time assessment of taxes, fees, and charges (“Assessment”); and

Step 3: One-time payment of taxes, fees and charges, receipt of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU and BFP and securing Mayor's Permit and other regulatory permits and clearances, including Fire Safety Inspection Certificate for Business (“Pay and Claim”).

³ Local Government Academy (2014). “Status of BPLS Streamlining,” slide deck during 9th Business Permit and Licensing System Oversight Committee Meeting, Makati, Philippines.

The previous first step – securing an application form - will no longer be considered as part of the process. Filing, not securing the form, substantially kicks off the process. Applicants may get a form and wait for days or weeks before applying or not apply at all.

The last two steps in the original five steps prescribed (*one-time payment* and *secure mayor's permit*) can be consolidated. LGUs are encouraged to collapse this as one interface/ step – after payment, the client shortly receives the official receipts, permits, and other clearances – i.e., in one window.

In the long run, the first two steps discussed above can further be consolidated into one, thereby resulting in two-step process – (i) filing, verification, and assessment, and (ii) payment and claiming of permits and clearances.

B. Enabling Compliance with the New Standards

To be able to achieve these proposed standards, the following complementary measures should be implemented by the BFP and the LGUs:

1. Streamlining the Procedures for Securing the FSIC

Consistent with the concept of 'one-government' (2nd guiding principle), it is important to note that processes involved in securing the FSIC for Business Permit should be mainstreamed/ incorporated in the registration process. At present, this is a separate process for many LGUs. Based on discussions with the BFP and DILG, the following options are being considered:

- a. Allow the FSIC issued for occupancy permit to be used as basis for issuing the FSIC for a new business permit, provided the following conditions are met: (i) that the occupancy permit was issued for the operation of the same business, which is the subject of the application for new business permit; and (ii) that the application for new business permit falls within the same year as the FSIC issued for the occupancy permit.
- b. Assessment and collection of fire code inspection fees (FSIF) by cities/municipalities. The assessment can be done by the LGUs, provided that the BFP certifies the correctness of the computation for the FSIF. LGUs can be designated as collection agents of the BFP provided that the LGU will remit the collection within a certain period or time, e.g. 1-5 days, depending on the arrangement that can be made with the LGUs.
- c. In LGUs where the BFP is made responsible for assessment and collection of FSIF, the BFP, to the extent possible, will assign the assessors and cashiers who will be co-located at the Treasurer's Office or the Business One-Stop Shop of the city/municipality.

Other support measures that the BFP are enjoined to implement include:

- a. Integrating the FSIC form with the business permit application form;
- b. Providing a list of critical or non-critical business lines based on fire safety parameters. The list should be accompanied by a directive that a new business permit may be processed and issued for non-critical business lines, subject to post-inspection within 30 days.

c. Enjoining the local BFP to participate in the joint inspection teams of the LGU.

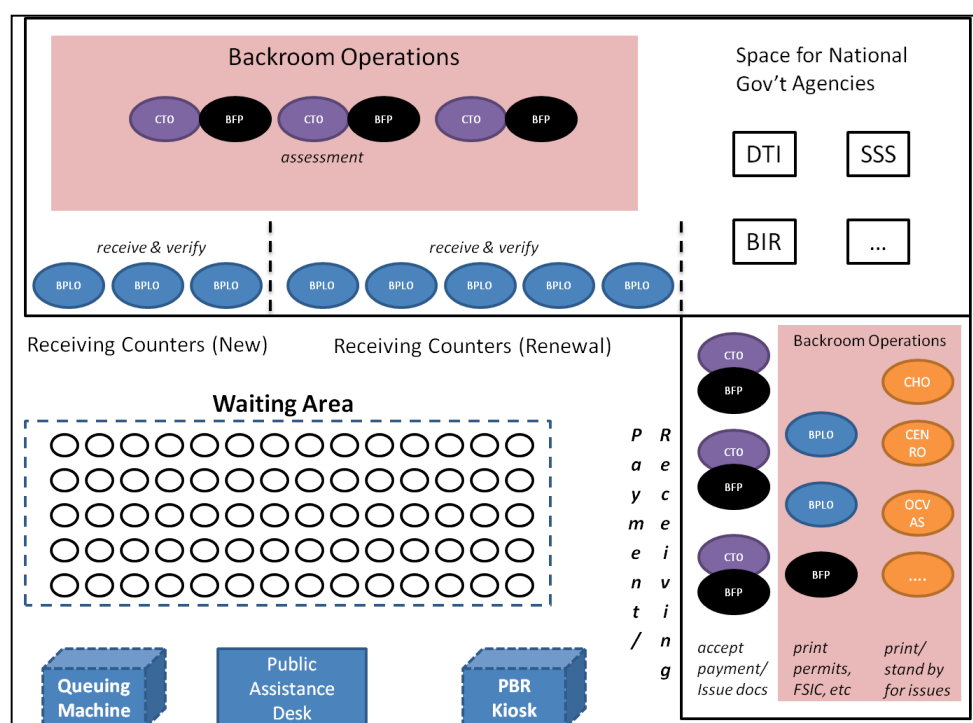
The above proposals will require the amendment of the Implementing Rules and Regulations of the new Fire Code and the issuance of a directive from the BFP to its local marshals.

2. Setting up of a Business One-Stop-Shop (BOSS)

The ideal BOSS includes both frontline services that reflects the prescribed three-step procedure in securing a business permit and backroom operations, which allows co-location of LGU department representatives and the BFP in a single physical space that is usually inconspicuous to or “behind-the-scenes” from applicants.

The overarching principle is that the client will finish all tasks associated with getting a business permit in one area. The key is to have the application documents moving at the backroom instead of the applicant moving it around the departments. The design of backroom operations is critical as bulk of the processing happens there. A sample layout is illustrated in Figure 1.

Figure 1. Sample BOSS Physical Layout



LGUs are encouraged to have separate counters/ sections for receiving applications and for payment and issuance of permits, official receipts, and other clearances. For receiving windows, LGUs should have separate counters for new business registrations and for renewal of business permits.

As per ARTA, priority lanes should also be factored in for people with special needs (i.e. persons with disabilities, senior citizens, and pregnant women). LGUs may devise a queuing system, preferably automated, to take into account the diversity of client registrations, including

such groups with special needs, clients desiring to process multiple transactions, and service providers who are contracted to register in the behalf of businesses.

Personnel from the other LGU regulatory offices can be stationed inside the BOSS to print their respective clearances and/or be available in case there are issues requiring immediate action from their offices.

As indicated in the sample BOSS layout, the BFP representatives should ideally co-locate in the BOSS facility, at least during the renewal period for the following tasks:

- Checking eligibility for renewal if not deputized to BPLO based on positive findings (backroom)
- Assessment of fire safety fees and issuance of corresponding TOP (backroom)
- Accepting payment and issuance of Official Receipts (frontline)
- Printing of (pre-signed) FSICs for Business (backroom) and issuance (frontline)

The prescribed layout also suggests that LGUs provide space for local offices of NGAs, including but not limited to DTI, SSS, and BIR, in case clients would need to transact business with them.

3. Adopt the principle of negative lists and 'positive findings' to speed up validation and checking for eligibility, especially for renewal of permits.

As discussed in previous sections, a recent innovation made by social security agencies is the use of negative lists. As stipulated in separate MoAs between DILG and social security agencies, businesses no longer need to actively apply for and secure clearance with these agencies. Based on inspections, non-compliant businesses are tagged and given conditional business permit issuances. The rest are considered good as cleared.

LGUs should be encouraged to adopt the same principle for all concerned regulatory offices. They are enjoined not to require businesses to actively get clearances from each regulatory office. Based on annual inspections conducted by the cities/municipalities, establishments with positive findings that have not been addressed before the renewal period will not be able to renew their permits. These firms will be asked to undertake corresponding measures and proceed to the concerned office to first resolve outstanding issues. Those that do not have outstanding positive findings are eligible to renew their permits and no longer need to get clearances from any city/ municipal regulatory office (except *barangay* clearance) prior to application.

The BFP is encouraged to do annual inspections months prior to the renewal process. Establishments with positive findings that have not been addressed before they apply for renewal will not be able to secure FSICs for Business and consequently will not be able to renew their business permits. They will be asked to proceed to the BFP office and resolve outstanding issues first.

To the extent possible, these lists should be organized properly so that concerned staff can check in a speedy manner whether a renewing applicant has positive findings or none. Preferably, all negative lists will be centralized to the BPLO staff so that they can already check in behalf of all LGU offices, BFP, and other NGAs.

4. Establish and deploy computerized and automated systems, to the extent possible.

The following elements of the BPLS process have been identified for possible implementation of automated/ computerized systems:

- Queuing;
- Retrieval of previously submitted information to minimize required forms or fields;
- Consolidation and retrieval of negative lists/ positive findings for one-time verification;
- Assessment of business taxes, charges, and fees;
- Printing of tax orders of payment; and
- Printing of business/ Mayor's permit and other permits and clearances, including the FSIC for Business.

Ideally, the LGU should be able to develop a single, comprehensive database that has all these features. Further, it should ideally be linked with systems used in the pre-registration stage so that the status of businesses (e.g. whether they have already secured Certificates of Occupancy) can automatically be accessed by concerned departments during the business registration phase. The ultimate goal is a common database system for all LGU offices.

To the extent possible, LGUs should develop automated systems by themselves, especially if they have a full-fledged IT department/ division. Alternatively, LGUs may wish to contract a third-party vendor to build such systems. LGUs can be advised to coordinate with the Department of Science and Technology-ICT Office (DOST-ICTO) to explore possible programs/ systems, acquire a list of private service providers, and seek advice in engaging with private sector providers.

5. Organize Joint Inspection Team

This review restates the recommendation of the JMC that inspections are part of the requirements for a business permit. If these had been required as well for the issuance of the building and occupancy permits, they should not be repeated again for processing the business permit. In addition, all inspections for continuing compliance (i.e. for renewal of permits) should be undertaken after the permits have been issued. In short, no physical inspections must be undertaken throughout the business permit application process.

Given the case of LGUs having issued EOs creating the joint inspection team (JIT) but not activating them for a number of reasons, this review offers the following suggestions:

- For the DILG to issue a memorandum circular advising LGUs to provide budgetary support for the operations of the JIT. The budget item in the annual appropriations should be considered as part of the performance metrics in measuring BPLS reforms in the LGUs.
- A manual of inspections be prepared for the use of all LGUs. The manual of inspection should apply to all regulatory inspections related to business permits and licenses, and should include provision on ethical conduct and inspection protocols.

For LGUs that have not yet organized JITs, the revised JMC should reiterate the policy intention of joint inspection, and include a statement linking the formation and active functioning of the JIT as part of the performance metrics in measuring the LGUs' compliance with the standards.

Further, the review suggests setting up of the JITs described in Table 4 (one for pre-registration and two for post-registration).

Table 4. Proposed Joint Inspection Teams

PRE-REGISTRATION JOINT INSPECTION TEAM	
<i>Pre-Registration/ Construction and Occupancy Stage Inspections ("Pre-Registration Compliance" JIT).</i>	This team, composed of representatives from the City/ Municipal Engineer's Office, City/ Municipal Development and Planning Office (Zoning Office), City/ Municipal Environment and Natural Resources Office (if applicable), City Veterinary and Agriculture Office (if applicable), and local BFP, will be responsible for undertaking inspections to provide compliance clearances during the pre-registration (building and occupancy permits stage).
POST-PERMITTING JOINT INSPECTION TEAMS	
<i>Verification of Information Declared During Business Permit Application ("Disclosure Verification" JIT).</i>	This team, composed of representatives from the BPLO, City/ Municipal Treasurer's Office, City/ MHO, City/ Municipal Environment and Natural Resources Office (if applicable), City Veterinary and Agriculture Office (if applicable), and local BFP, and SSS will be responsible for undertaking inspections within each year after the issuance of the business permit (new or renewal) to verify information declared by the business in the application for business permit and to identify unregistered businesses. LGUs may undertake deputization arrangements among LGU regulatory offices and with local units of NGAs so that physical presence will not be required, provided that such arrangements do not violate laws or local ordinances.
<i>Continuing Compliance with Safety Standards and Regulations ("Safety" JIT).</i>	This team, composed of representatives from the City/ Municipal Engineer's Office, City/ Municipal Development and Planning Office (Zoning Office), City/ MHO, City/ Municipal Environment and Natural Resources Office (if applicable), City Veterinary and Agriculture Office (if applicable), and local BFP will be responsible for undertaking inspections within each year after the issuance of the business permit (new or renewal) after business permits have been issued to check for continuing compliance with safety standards as per national laws and local ordinances.

IV. STATUS AND NEXT STEPS

A. Status

The proposed new standards were presented to and subsequently approved in principle by the BPLS Oversight Committee (BOC) on June 29, 2014. The BOC secretariat based at the DTI has taken on the responsibility of overseeing the preparation of the JMC, soliciting comments on the draft and organizing the consultation process.

The Project prepared a draft JMC (Annex 4) and a manual of operations, which were presented to the BOC on September 11, 2014 and have been commented on by the DTI, LGA and DOST⁴

The BOC secretariat also organized three island workshops dubbed as the “National Forum on the Revised Nationwide Streamlining of BPLS Project” in Manila for the five regions of Luzon (October 14-15, 2014), in Cebu for the three regions in the Visayas (October 28-29, 2014), and in Davao for the five regions in Mindanao. The objective of the forum is to disseminate the new service standards for processing business permits as discussed in the BPLS Oversight Committee Meeting, which is also scheduled to meet in November 2014. In these workshops, two of the CDI cities – Batangas and Cagayan de Oro – were invited to present their experiences in streamlining BPLS under the INVEST Project. The results of the consultation will be presented in the BOC meeting scheduled on November 19, 2014.

At the same time, the Project organized meetings with the BFP and the DILG to discuss the proposed reforms. A workshop was organized by the Project on May 4-6, 2014 aimed at getting the consensus of the BFP officials and the DILG on the proposed reform areas to streamline procedures in securing fire safety permits (refer to Annex 5 for the highlights of the workshop) . As a result of this workshop, the DILG and the BFP, in a meeting on October 2014 agreed on the following: (1) allowing LGUs to assess the 10% fire code fees (which are based on the total fees due to the LGU) with the BFP certifying the veracity of the LGU computation; and (2) designating the LGU as collection agents for the BFP for as long as the check payable to the BFP is given the following day. The Project prepared a draft circular containing the proposed amendments to the IRR of the 2008 Fire Code as agreed (refer to Annex 6). A corresponding draft circular for LGUs from DILG on the streamlined procedures for FSIC was also drafted by the Project (Annex 7). Both of these documents have been submitted to DILG for their review,

B. Next Steps



1. *Approval of the JMC.* The most immediate action needed is to have the JMC approved by DILG, DTI and DOST before the renewal period in January 2015. The National Competitiveness Council, through its secretariat has done enough consultations to be able to determine the changes that need to be incorporated in the draft JMC.
2. *Issuance of the Circulars on the Streamlining of the Procedures for Securing a Fire Safety Inspection Certificate.* The attainment of the new standards for business processing is contingent on the attainment of the one-time assessment and one-time payment of fees,

⁴ The Manual will be submitted to USAID as a separate document.

including the BFP-related fees. The circulars to implement the streamlined procedures for securing the FSIC have been drafted and just needs to be acted upon by DILG and the BFP's new Chief Fire Marshall.

3. *Determine Timing of the Implementation of the New Standards.* Given that the JMC has not been signed to date, it may be too late to implement them in January 2015. The government may wish to identify a few highly urbanized cities in the NCR, where the standards can first be imposed, e.g. Quezon City, Makati and Manila.
4. *Training for the cities and municipalities on the new standards.* The government may have to prepare a training design that will specify the training design, schedule of training and budget for training. A manual has been prepared by the Project, which can be used during the training. It is important that the DOST be engaged by DTI and DILG in the training for LGUs since computerization is an important factor in the ability of LGUs to comply with the new standards. Furthermore, the role of the private sector in conducting the training for LGUs has to be clearly identified, including the manner by which the sector can be engaged.
5. *Setting Up of a Help Desk for the New Standards.* The oversight agencies may wish to consider setting up a help desk that can assist the reforming LGUs in answering queries on the reforms. This was done in 2008 but was not effectively implemented. This time, DTI, DOST and DILG can join forces to organize a more effective help desk to assist the LGUs.

ANNEX 1. DILG-DTI Joint Memorandum Circular No. 1 Series of 2010



REPUBLIC OF THE PHILIPPINES

Joint Memorandum Circular No. 01, Series of 2010
06 August 2010

TO: THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI), THE BUREAU OF FIRE PROTECTION (BFP) AND MEMBERS OF THE SANGGUNIANG PANGLUNGSOD AND SANGGUNIANG BAYAN


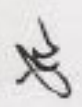
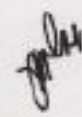
SUBJECT: GUIDELINES IN IMPLEMENTING THE STANDARDS IN PROCESSING BUSINESS PERMITS AND LICENSES IN ALL CITIES AND MUNICIPALITIES

1.0 Purpose

- 1.1 To disseminate the service standards in processing business permits and licenses which cities and municipalities are enjoined to follow;
- 1.2 To provide the guidelines for streamlining the business permits and licensing systems (BPLS) in cities and municipalities in accordance with the service standards which the national government is setting consistent with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007 (ARTA);
- 1.3 To clarify the roles and responsibilities of the Department of the Interior and Local Government (DILG), the Department of Trade and Industry (DTI), and the various cities and municipalities in the country in ensuring the implementation of the BPLS standards.

2.0 Statement of Policies

- 2.1 The government recognizes the importance of improving the country's growth potential through enhancing its competitiveness at the national and local levels. This can only be achieved through reforms that reduce the cost of doing business in the country and address the other policy issues that discourage international and local investors.
- 2.2 Pursuant to Republic Act No. 9485, all government instrumentalities and local government units are mandated to provide efficient delivery of services to the public by reducing bureaucratic red tape and preventing graft and corruption, and providing penalties thereof. The ARTA, which provides the legal basis for re-engineering current business processing systems at the local level, sets benchmarks for processing simple and complex transactions which should be applied to BPLS nationwide.
- 2.3 The DILG and the DTI, as Conveners of the Working Group on Decentralization and Local Government and the Working Group on Growth and Investment Climate, respectively, under the Philippine Development Forum (PDF) agreed to jointly undertake the



nationwide streamlining of BPLS. Both agencies will conduct the necessary capacity building programs to enable LGUs to comply with the BPLS standards, coordinate with other government agencies involved in the BPLS to similarly streamline operations and assist in generating resources for the BPLS streamlining project.

3.0 Definition of Terms

- 3.1 Action – refers to the written acknowledgement of receipt, approval or disapproval made by a government agency or office on the application or request submitted by the client for processing.
- 3.2 Business One-Stop-Shop (BOSS) – refers to an arrangement where a single common site or location is designated for all concerned agencies in the BPLS system to receive and process applications for business registration thru a streamlined system.
- 3.3 Business Permit – is a document that must be secured from the city or municipal business permits and licensing office for the business to legally operate in the locally.
- 3.4 Business Registration – is a set of regulatory requirements an entrepreneur must comply with to set-up a business entity including, but not limited, to the collection or preparation of a number of documentation, the notarization and/ or verification thereof, submission to various national and local government authorities, approval of application submitted, and receipt of a formal certificate or multiple certificates, licenses, permits, and the likes which confirm the eligibility to operate as a legitimate business entity.
- 3.5 Frontline Service – refers to the process or transaction between clients and government offices or agencies involving applications for any privilege, right, permit, reward, license, concession, or for any modification, renewal or extension of the enumerated applications and/or requests which are acted upon (action) in the ordinary course of business of the agency or office concerned.
- 3.6 Joint Inspection Team (JIT) – is composite team whose members come from the various LGU agencies implementing business-related regulations created and authorized by the LGU through an Executive Order or Ordinance to conduct joint inspection of business enterprises instead of individual inspections.
- 3.7 Priority LGUs – refer to cities and municipalities included in the government program for the nationwide streamlining of business permits and licensing system (BPLS) which will be closely monitored and provided with assistance in terms of capacity building, among others.
- 3.8 Signatories – refer to the final approving authority or authorities whose signatures are affixed to a business permit or mayor's permit to make the document legal and binding in the eyes of the law.
- 3.9 Steps – refer to an action or actions that applicants and/or government agencies undertake as part of the process of applying for and/or processing business permits and licenses.

3.10 Processing Time – refers to the time spent by an applicant from to receipt of the business permit by the LGU consisting of transaction time, waiting time and travel time within the site provided by an LGU for business registration.

3.11 Unified Form – is a single common document issued by an LGU to a business applying for registration that contains the information and approvals needed to complete the registration process and facilitates exchange of information among LGUs and National Government Agencies.

4.0 BPLS Reform Standards

All cities and municipalities are enjoined to follow the following standards in processing business permits and licenses:

4.1 **Unified Form.** All cities and municipalities shall use a single unified form in processing new applications for business permits and business renewals (Annex 1). The unified form consolidates all the information about a business registrant needed by various local and national agencies. The adoption of the unified form is anticipated to contribute to reduction of steps and time in applying for business permits.

4.2 Standard Steps

4.2.1 All cities and municipalities shall ensure that applicants for business registration shall follow five (5) steps in applying for new business permits or for business renewals:

- (1) Securing an application form from the city or municipality;
- (2) Filing or submission of the accomplished application form with attached documentary requirements;
- (3) One-time assessment of taxes, fees and charges;
- (4) One-time payment of taxes, fees and charges;
- (5) Securing the Mayor's Permit upon submission of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU.

Annexes 2 and 3 illustrate the standard steps which applicants shall follow in securing the Mayor's Permit for new business applications and business renewals.

4.2.2. Compliance with the above standard steps will require the following:

(1) Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety, health and sanitation regulations undertaken during the construction stage shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with all the requirement standards will be undertaken within the year after the issuance of the business permit.

(2) Joint inspection teams composed of the Business Permit and Licensing Officer, the City/Municipal Engineer, the City/Municipal Health Officer or Representative, the City/Municipal Planning Officer or designated Zoning Officer, the City/Municipal Environment and Natural Resources Officer or Representative, the City/Municipal

Treasurer and the City/Municipal Fire Marshal shall be organized to conduct joint inspection of business enterprises as required by law.


(3) The Bureau of Fire Protection shall enter into a memorandum of agreement with cities and municipalities, as necessary, to implement streamlined procedures for assessing and paying fire code fees that will enable the LGUs to implement that above steps.

4.3 Standard Processing Time. Consistent with ARTA, all cities and municipalities are enjoined to comply with the prescribed time for processing of business registrations, as shown below:


- (1) Processing of new business permits, which is classified as a complex transaction following the ARTA classification, shall not take more than 10 days for the release of the permit. However, LGUs are enjoined to strive for 5 days or less which is the average processing days in LGUs with streamlined BPLS; and
- (2) Processing of business renewals, which is classified as a simple transaction, shall not take more than 5 days for the release of the permit. However, LGUs are enjoined to strive for one day or less processing, which is the average processing time in LGUs with streamlined BPLS.

4.4 Signatories. All cities and municipalities shall follow the prescribed number of signatories required in processing new business applications business renewals to five days following the ARTA. However, LGUs are enjoined to require only two (2) signatories, namely, the Mayor and the Treasurer or the BPLO. To avoid delay in the release of permits, alternate signatories (e.g. the Municipal or City Administrator or the BPLO) may be properly deputized by the Mayor.


5.0 Implementation of the BPLS Standards



5.1 All cities and municipalities are enjoined to implement the BPLS standards as described in Section 4 above. The government identified priority cities and municipalities whose implementation of the BPLS standards will be closely monitored since these LGUs: (a) constitute the critical mass of establishments in the country; and (b) they have been identified as having good potentials in generating investments in the four priority sectors of government, e.g. business process outsourcing, tourism, mining and agribusiness. Annex 4 contains the list of priority LGUs.



5.2 The government shall be organizing training workshops and coaching sessions for the LGUs in the priority list mentioned in section 5.1 on October-December 2010. At the same time, the government shall be issuing an operations manual to guide LGUs in re-engineering their BPLS to conform to the BPLS standards mentioned in section 4.



5.3 The cities and municipalities not included in the priority list contained in Annex 4 shall undertake BPLS streamlining on their own through enrolment in training programs that will be provided by the Local Government Academy (LGA) and other private sector providers.

6.0 Roles and Responsibilities

6.1 Local Government Units (Cities and Municipalities)

6.1.1 The LGUs, represented by the Local Chief Executive/Mayor, shall coordinate with DILG and the DTI in the implementation of BPLS standards and shall:

- (a) organize Technical Working Groups (TWGs) to oversee the implementation of the streamlined BPLS;
- (b) participation of LGU representatives in all BPLS reform activities that are initiated by the DILG and DTI at the LGU level;
- (c) the preparation and implementation of the requisite orders, ordinances and directives relative to the BPLS reform;

6.1.2 Provide the enabling environment for BPLS reforms, namely, the legal framework, the budget and logistical support necessary in instituting BPLS reform standards to include, but not limited to, manpower, creation of the one-stop-shops, organization and activities of joint inspection teams (JIT) and conduct of information, education and communication campaigns (IEC).

6.2 Department of the Interior and Local Government

6.2.1 The DILG, together with the DTI, shall coordinate the upscaling of the BPLS reforms nationwide with other agencies and among its regional, local government operations officers, bureaus and attached agencies. The Local Government Academy (LGA) under the DILG, shall act as the overall coordinator for the nationwide BPLS streamlining program for LGUs.

The DILG regional offices shall organize a regional BPLS Coordination Committee, together with the regional offices of the DTI, to oversee the implementation of the BPLS project at the local level, with membership coming from concerned government agencies, local chambers, civil society organizations and other stakeholders.

6.2.2 The DILG, together with DTI, shall organize and co-chair a BPLS Oversight Committee which will provide the overall policy direction in the nationwide upscaling of the BPLS reforms.

6.2.3 The DILG, as Co-Convener of the Working Group on Decentralization and Local Government under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

6.3 Department of Trade and Industry

- 6.3.1 The DTI, together with the DILG, shall be responsible for providing policy direction in the implementation of the BPLS reform project nationwide and in ensuring that the requirements for BPLS streamlining are among its regional and provincial offices and in setting up a monitoring system for tracking the progress of LGs in reforming their BPLS. It shall co-chair the BPLS Oversight Committee which will provide the overall policy direction in the nationwide up scaling of the BPLS Reforms.
- 6.3.2 Considering its mandate to promote investments and enhance competitiveness both at national and local levels, the DTI, together with the DILG, shall be responsible for identifying the priority LGUs that will be included in the BPLS program and in annually evaluating the list based on the sector priorities of the government and other criteria that will be deemed necessary.
- 6.3.3 Consistent with the framework for public-private sector partnership (PPP), the DTI shall be responsible for enjoining private sector participation and support in the BPLS streamlining project both at the national and local levels.
- 6.3.5 The DTI, as Co-Convener of the Working Group on Growth and Investment Climate under the Philippine Development Forum, shall promote the BPLS project and take responsibility in enjoining the development community to support the project.

7.0 Enforcement Clause

This Joint Memorandum Circular shall enforce all the provisions of Republic Act No. 9485 or Anti-Red Tape Act of 2007 and its Implementing Rules and Regulations.

8.0 Separability Clause

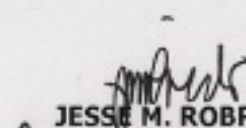
If any clause, sentence or provision of this Joint Memorandum Circular shall be invalid or unconstitutional, its remaining parts shall not be affected thereby.


9.0 Repealing Clause

All orders, rules and regulations inconsistent or contrary to the provisions of this Joint Memorandum Circular are hereby repealed or modified accordingly.

10.0 Effectivity

This Joint Memorandum Circular shall take effect immediately.


JESSE M. ROBREDO
Secretary
Department of the Interior and Local Government


GREGORY L. DOMINGO
Secretary
Department of Trade and Industry

ANNEX 2. Questionnaire Used For Focus Group Discussions

ASSESSMENT OF LGU IMPLEMENTATION OF THE BPLS STANDARDS UNDER DILG-DTI JOINT MEMORANDUM CIRCULAR NO. 1, SERIES OF 2010

This survey is being conducted as part of the DILG-DTI initiative to review service standards in business permit processing set in the Joint DILG-DTI Memorandum Circular No. 1, series of 2010. The review is expected to contribute to the simplification of business permitting procedures of local governments. Kindly complete the survey and email back the accomplished form to XXXXXXXX and XXXXXXXX. You may wish to bring the completed survey form during the Focused Group Discussion (FGD) scheduled on October 3, 2013. It would be highly appreciated if you could send the completed survey on or before October 3, 2013.

Please encircle your response.

I. Awareness and Understanding of the JMC

1. Please describe your level of awareness of the JMC standards when you started streamlining your BPLS.
 - 1 - Very low awareness
 - 2 - Low awareness
 - 3 - Moderate awareness
 - 4 - High awareness
 - 5 - Very high awareness
2. In implementing your LGU's BPLS streamlining, were you aware that it is guided by the JMC standards.
 - 1 Yes
 - 2 No
3. Which statements below indicate your reasons in streamlining your LGU's BPLS process? (Multiple response)
 - a The BPLS process needs to be streamlined to comply with the directives from the national government.
 - b The BPLS process needs to be streamlined because business applicants are dissatisfied with its complexity.
 - c The BPLS process needs to be streamlined because of the length of time it takes to get a business permit.
 - d The BPLS process needs to be streamlined to increase the revenues of the LGU.
 - e The BPLS process needs to be streamlined to make the local government an attractive place for business.
 - f Others. Please specify _____

II. This sections deals with how your LGU implemented the JMC standards in the course of BPLS streamlining.

2.1 Unified Application Form

1. Has your LGU adopted the unified application form specified in JMC No. 1, series 2010 to be used for new business permit applications and renewals?
 - 1 Yes
 - 2 No (If No, proceed to question *f*.)
2. If yes, is the form used also by other regulatory offices in the LGU aside from the BPLO?
 - 1 Yes
 - 2 No. Other offices give out their own application forms. (Proceed to question *6*.)
3. If yes, is the unified application form also used by the local Bureau of Fire Protection (BFP) in processing the application for fire safety inspection clearance (FSIC)?
 - 1 Yes
 - 2 No. The unified form is used only by local offices. The BFP gives out a separate application form. (Proceed to question *6*.)

4. If yes, please encircle the statements that appropriately describe the unified application form adopted by your LGU. **(Multiple responses allowed)**

- a. The unified application form is patterned after the template issued with the JMC.
- b. The unified application form is consistent with the information required by the Philippine Business Registry.
- c. The unified application form can be downloaded from the LGU's official website. It must be printed by the applicant and submitted personally to the BPLO once completed.
- d. The unified application form can be downloaded. Information can be entered into the form online but it cannot be sent to the LGU online. It must be printed and submitted personally to the BPLO.
- e. The unified application form can be downloaded, filled out and submitted to the BPLO online.

5. What best practices could your LGU share in coming up with a unified application form? Please list.

6. What problems or issues did your LGU face in adopting a unified application form? Please list.

2.2 **Maximum of Two Signatories**

1. Kindly encircle the statement that describes your LGU's implementation of this standard. (Single response)

- a. **The mayor is the only signatory to the business permit** and he has not authorized any local official to sign on his behalf.
- b. The mayor signs the business permit, and has designated local officials to sign it if he is not available. **(Please identify the local official or officials authorized to sign.)**

- c. The mayor no longer signs the business permit and has totally delegated this authority to a local official or local officials **(Please identify the authorized signatories).**

- d. The LGU has adopted the use of electronic signatures of the Mayor, Treasurer or authorized signatory in the issuance of the business permit.

2. In the streamlined BPLS process of your LGU, which initials of local officials or staff are needed in the following:

- a. Application Form _____
- b. Tax Order of Payment _____
- c. Official Receipts _____
- d. Business Permit _____

3. Which of these initials are considered critical? _____

2.3 **Maximum of Five Steps**

- 1. Before BPLS streamlining, how many steps were needed to be completed by a business permit applicant in your LGU to get a business permit? _____
- 2. Based on your LGU's streamlined model, how many steps need to be completed by a business permit applicant to get a business permit? _____
- 3. Under your LGU's streamlined BPLS model, are the number of steps for business permit applications the same for both new and renewals?

1 Yes 2 No (If No, proceed to Question 3A)

3A. If no, how many steps are required for new business permit applications? _____
For renewals? _____

4. Under your LGU's streamlined BPLS model, please identify the steps that applicants need to complete to get a business permit? _____

5. Please describe the actions or decisions taken by the LGU to reduce the number of steps that a business owner/operator must complete in order to acquire a business permit.

6. Which steps that previously require the presence and involvement of the applicant (e.g. submission of documents and going to different offices) were changed into procedures to be done by the LGU offices?

2.4 Securing Application Form

1. Does the LGU consider "getting an application form" as the first step in the BPLS process?
- | | | | |
|---|-----|---|----|
| 1 | Yes | 2 | No |
|---|-----|---|----|

1.A. If no, what were the reasons for not including the procedure as the initial step in the BPLS process?

1.B. If no, how is the application form secured by a business permit applicant? _____

2.5 Submitting Application Form

1. What documents and/or clearances are required by your LGU to be attached to the application form when submitted to the BPLO? _____

2. In your opinion, which of the required documents and/or clearances could be waived to simplify the documentary requirements in applying for a business permit in your LGU? _____

2.6 One-Time Assessment of Required Taxes, Fees and Charges

1. Which of the following accurately describes your assessment procedures? **(Please encircle the applicable statements. Multiple responses allowed)**
- a. **Only the BPLO** does the assessment of all taxes, fees and charges related to the issuance of a business permit, including the assessment of fire inspection clearance fees.

- b. **Only the Treasurer's Office** does the assessment of all taxes, fees and charges related to the issuance of a business permit, including the assessment of fire inspection clearance fees.
- c. **A designated office other than BPLO or Treasurer's Office** does the assessment of all taxes, fees and charges related to the issuance of a business permit, including the assessment of fire inspection clearance fees. **(Please indicate the name of this office.)**
- d. The LGU has a one-stop-shop facility where only one designated office makes the assessment.
- e. The LGU has a one-stop-shop facility where representatives of the different offices are co-located and assigned year round to make the assessment.
- f. The LGU has a one-stop-shop facility where representatives of the different offices are co-located and assigned during peak period (January) to make the assessment.
- g. The LGU does not have a one-stop shop facility. The business applicant has to go to the different offices to get their respective assessments during peak or regular periods.
- h. The local BFP does its separate assessment for the fire inspection clearance fees.
- i. A memorandum of agreement between the LGU and the local BFP allows the LGU to include the assessment of the fire inspection clearance fees to be collected by the BFP in the LGU's assessment process.
- j. The assessment of taxes, fees and charges is automatically computed using a computerized information system.
- k. The assessment of taxes, fees and charges is computed manually by a designated staff.

2.7 One Time Payment of Taxes, Fees and Charges

- 1. Which of the following accurately describes your payment procedures? **(Please encircle the applicable statements. Multiple responses allowed)**
 - a. Local taxes, fees and charges related to the issuance of a business permit are paid before a designated cashier of the LGU in one office. (Please identify the office). _____
 - b. Fire inspection safety clearance fee is integrated in the payment made to the designated LGU office.
 - c. Fire inspection safety clearance fee is separately paid to the local BFP office.
 - d. A business permit applicant makes separate payments before designated cashiers of the different regulatory offices in the LGU.
 - e. The LGU allows payment of taxes, fees and charges related to business permit through the following (Please identify).
 - 1. Accredited banks
 - 2. Credit cards
 - 3. Mobile banking (Smart Money or G-Cash)
 - 4. Accredited payment centers
 - 5. the LGU only

2.8 Claiming the Business Permit

- 1. Which of the following statements accurately describe the process of issuing the business permit?
 - a. The business permit is issued on the day the applicant submits required proofs of payment and compliance.
 - b. The LGU can send the business permit by registered mail or courier if it could not be issued on the day the applicant submits proof of payment and compliance.
 - c. The business permit is issued by the following office. **(Encircle the appropriate office)**

1. BPLO 2. Treasurer's Office 3 Mayor's Office

- d. The business permit is issued to the applicant in the office where payment was made. (For example, if payment was made at the Treasurer's office, the business permit issued is given to the applicant by that office without having to go to the BPLO.)

2.9 Processing Time

1. In your LGU's streamlined BPLS model, how long does it take for a business permit to be issued for new business? _____ For renewals? _____
2. In coming up with the total processing time, did you compute from the first step (obtaining the application form) to the last step (claiming the business permit)? 1 Yes 2 No
3. A. If no, what is the start of reckoning or computing the processing time? _____
4. What is included in computing the total time?
 - a. The sum of the time it takes for a transaction to be completed in each of the LGU offices involved in processing the business permit.
 - b. Waiting times by the applicant as he/she moves from one office to another or as he/she waits for the transaction to be started in the LGU office.
 - c. Travel time from one office to another.
5. Is the processing time published as a service standard by the LGU? 1 Yes 2 No

2.10 Inspections

1. In your streamlined BPLS process, are inspections still required before the issuance of the business permit?

1 Yes 2 No
2. If yes, what inspections are still required? _____
3. What inspections are no longer required? _____
4. Are there inspections scheduled after the issuance of the business permit?

1 Yes 2 No (If No, please proceed to question 5.)

4.a If YES, what are these inspections? _____
5. The JMC also provides that inspections during the construction stage (such as those related to the issuance of the building or occupancy permit) should not be repeated during the business registration stage. Was your LGU able to comply with this provision? 1 Yes 2 No

5.A If NO, what were the reasons why the LGU was unable to follow this provision? _____

2.11 Use of Joint Inspection Teams

1. As a policy, has the LGU issued an executive order for the formation of joint inspection teams?

1 Yes 2 No (If No, please go to question 1.A and 1. B)

1.A. If you answered NO in question 1, what prevented your LGU from organizing and using joint inspection teams? _____

1.B. If you answered NO in question 1, what factors would make your LGU organize or use joint inspection teams? _____

2. Who composes the joint inspection team as created by your LGU? (Please specify the members).

3. What issues and problems did your LGU encounter in the use of joint inspection teams?

4. What innovative strategies or best practices on joint inspection had been applied by your LGU?

5. What actions do you think could still be done to further improve the use of joint inspections?

2.12. Use of Automation in BPLS Streamlining

1. In your LGU's BPLS streamlining, how is computerization or automation used? **(Please check appropriate responses. Multiple responses allowed).**
- a. Downloading application form
 - b. Submitting completed application form
 - c. Verifying submitted information and documents
 - d. Uploading inspection reports
 - e. Enabling BPLO or regulatory offices to hold or allow a business application to proceed (please specify how)
 - f. Validating information submitted by business permit applicant
 - g. Assessing taxes, fees and charges
 - h. Generating tax order of payment
 - i. Accepting payment
 - j. Generating electronic receipts
 - k. Generating required financial reports related to collections of taxes, fees and charges
 - l. Maintaining database of registered businesses

2. Are information databases kept by BPLO and other regulatory offices linked to one another by your LGU's information system? 1 Yes 2 No

3. What problems or issues did your LGU encounter in using information technology for your BPLS streamlining?

4. What best practices could be shared by your LGU in using automation for BPLS streamlining?

III. SUGGESTIONS TO IMPROVE THE JMC STANDARDS

1. What improvement do you suggest in the JMC standards that you think would help further streamline the BPLS? Please provide specific suggestions.

ANNEX 3. DILG Memorandum Circular 2011-15



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
A. Francisco Gold Condominium II, EDSA corner Mapagmahal Street, Diliman, Quezon City

OFFICE OF THE SECRETARY

MEMORANDUM CIRCULAR
NO. 2011-15

January 31, 2011

TO : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, PRESIDING OFFICERS OF THE SANGGUNIANG PANLALAWIGAN, SANGGUNIANG PANLUNGSOD AND SANGGUNIANG BAYAN, PUNONG BARANGAYS, ARMM REGIONAL GOVERNOR AND DILG REGIONAL DIRECTORS

SUBJECT : DOCUMENTARY REQUIREMENTS FOR A BUSINESS PERMIT

In keeping with the demands of public accountability, transparency and efficiency, as well as the need to promote a climate that is conducive to business, all concerned local authorities are reminded of the provisions of the Local Government Code:

1. Under Sections 147 and 151, a municipality and a city may impose and collect reasonable fees and charges on business commensurate with the cost of regulation, inspection and licensing before any person may engage in a business; and
2. Under Section 152(c), no city or municipality may issue any license or permit for any business unless a clearance is first obtained from the barangay where such business is located or conducted. For such clearance, the sangguniang barangay may impose a reasonable fee. The application for clearance shall be acted upon within seven (7) working days from the filing thereof.

Reports have likewise reached this Department that:

1. The long list of administrative requirements in the issuance of a business permit appears repugnant to efforts aimed at promoting the ease of doing business in the country; and
2. The barangay clearance is becoming to be an impediment in doing business considering unnecessary documentation and unreasonable cost.

In this connection, all City Mayors and Municipal Mayors are enjoined to:

1. Rationalize the documentary requirements for a business permit. Limit documents to those prescribed by law, zoning ordinance or other regulations. Additional

requirements beyond those which are legally required and verbal impositions by action or processing officers MUST be stopped;

2. Issue a Conditional Permit to a business where the only lacking clearances are those of SSS, PHILHEALTH and PAG-IBIG, with the understanding that such clearances will have to be submitted within a period of one(1)month from the issuance of such Conditional Permit, and that failure to submit such clearances within the one-month period can result in the revocation or non-renewal of a business permit; and
3. Direct the formulation of a Citizen's Charter for every barangay, and its posting within Barangay Hall premises, with a copy of the document furnished the local Business Permit and Licensing Office for ease of reference by any interested person who is engaged in, or interested in starting, a business. A template or outline of a Barangay Citizen's Charter sourced from the Barangay Concepcion Grande Citizen's Charter of Naga City is appended to this Circular as a Guide, marked Annex A.

All local authorities are further reminded that good governance is good for business which, in turn, offers opportunities for, or creates, jobs in the locality.

DILG Regional Directors and the Regional Governor of the ARMM are hereby directed to:

1. Cause the immediate and widest dissemination of this Memorandum Circular;
2. Ensure that this Circular is effectively communicated to concerned local authorities;
3. Exercise administrative oversight pursuant to Memorandum dated April 1, 2008, on the Exercise of General Supervision over Local Government Units.

This Department Issuance amends or supplements: (a) Memorandum Circular No. 93-143, dated October 18, 1993, on the subject, Revising the Business Permit Forms (BPLO Form 01) to Include the Business Establishment's SSS ID Number, Telephone Number and Number of Employees; (b) Memorandum Circular No. 2003-231, dated December 10, 2003, entitled, Actual Inspection of all Regulated Business Establishments Prior to the Issuance or Renewal of their Permits, Licenses or Clearances; (c) Memorandum Circular No. 2008-162, titled, Cancellation or Revocation of Business Permits or Licenses and Closure of Business Establishments Found Manufacturing, Importing, Distributing and Selling Any Consumer Product Declared as Injurious and Dangerous to Health and Safety, and; (d) Memorandum Circular No. 2009-70, dated June 2, 2009, on the subject, Observance of Procedure in the Issuance of Business License or Permit and Registration of Pawnshops and Their Branches, Foreign Exchange Dealers, Money Changers and Remittance Agents and on Information-Sharing with the Bangko Sentral ng Pilipinas Pursuant to the Memoranda of Agreement Entered into by and Between the BSP and the DILG.

Any future reference with respect to Department Issuances in relation to the documentary requirements for a business permit shall be made in reference to this Memorandum Circular.


JESSE M. ROBREDO
Secretary



BARANGAY CITIZEN'S CHARTER TEMPLATE

Source: Barangay Concepcion Grande Citizen's Charter, Naga City

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Note: For each frontline service, indicate the following information: (a) About the Service; (b) Documentary Requirement or Requirements; (c) Amount of Fee; and (d) How to Avail of the Service.

II. PERFORMANCE PLEDGES

At the Barangay Hall

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Barangay Health Center

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Barangay Nutrition & Population Center

Frontline Service	Response Time (Per Transaction)	Person Responsible

Barangay Social Services

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Barangay General Services Office

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Barangay Tanod Office or Outpost

Frontline Service	Response Time (Per Transaction)	Person Responsible

Katarungang Pambarangay

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Educare Center

Frontline Service	Response Time (Per Transaction)	Person Responsible

At the Barangay Reading Center

Frontline Service	Response Time (Per Transaction)	Person Responsible

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Note: The Feedback Form is a management tool to determine whether a citizen availing of a particular service is satisfied.

ANNEX 4. Draft JMC on Revised BPLS Standards (2014)

DRAFT/NOT FOR QUOTATION: 11/18/2014

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT
DEPARTMENT OF TRADE AND INDUSTRY
DEPARTMENT OF SCIENCE AND TECHNOLOGY

Joint Memorandum Circular No. _____, Series of 2014
XX _____ 2014

TO: THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG), THE DEPARTMENT OF TRADE AND INDUSTRY(DTI) AND THE DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST), THE BUREAU OF FIRE PROTECTION (BFP), MEMBERS OF THE SANGGUNIANG PANGLUNGSOD AND SANGGUNIANG BAYAN, AND LOCAL CHIEF EXECUTIVES OF ALL CITIES AND MUNICIPALITIES

SUBJECT: REVISED STANDARDS IN PROCESSING BUSINESS PERMITS AND LICENSES IN ALL CITIES AND MUNICIPALITIES IN THE PHILIPPINES

1.0 PURPOSE

- 1.1 To disseminate a new set of service standards in processing business permits and licenses and guidelines for cities and municipalities in streamlining the business permits and licensing systems(BPLS) to comply with these standards;
- 1.2 To clarify the roles and responsibilities of the Department of Interior and Local Government (DILG), Department of Trade and Industry (DTI), Department of Science and Technology (DOST), and the various cities and municipalities in the country in ensuring the implementation of the revised BPLS standards.

2.0 STATEMENT OF POLICIES

- 2.1 Consistent with Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007, the government, thru the DILG and DTI, has been promoting the application of service standards in processing business permits, more popularly known as Mayor's Permit. Joint Memorandum Circular No. 1, series of 2010, with the subject "Guidelines in Implementing the Standards in Processing Business Permits and Licenses in All Cities and Municipalities" was issued to guide Local Government Units (LGUs) in complying with these standards. To complement the JMC, the DILG also issued Memorandum Circular 2011-15, entitled "Documentary Requirements For a Business Permit" as part of the streamlining reforms of the government. In conjunction with this, a series of capacity building programs starting 2010 have been

organized by DILG, DTI and the Local Government Academy (LGA) to guide LGUs in streamlining their respective BPLS in accordance with the standards.

- 2.2 Based on the August 2014 monitoring report of the LGA, more than 1,200 LGUs are compliant with the service standards set in 2010. Hence, the BPLS Oversight Committee agreed to further impose stricter performance standards for business permit processing to further improve the competitiveness ranking of the Philippines in global surveys, particularly the metric on “starting a business.” A more compelling reason to improve the regulatory processes of the Philippines is to prepare LGUs with the more intense competition that will arise from the 2015 ASEAN Economic Integration.
- 2.3 The Philippines ranked 95th in the 2015 Doing Business Survey conducted by the International Finance Corporation. Specifically for the criterion on “starting a business”, the country’s ranking at 161st remains mediocre relative to the 189 economies included in the survey. The government, through the National Competitiveness Council, is committed to undertaking drastic reforms that will make business permitting more efficient, which will hopefully result in improvements in the country’s ranking in global competitiveness rankings.
- 2.4 While past efforts towards reforming BPLS concentrated on streamlining and/or process re-engineering, the government would like to promote the automation or computerization of the BPLS in all cities and municipalities. Based on the experience of many LGUs, automation is a critical element that will facilitate compliance with the minimum service standards set in the JMC and in reaching higher standards in processing business applications comparable with neighboring countries in Asia. Hence, the DOST, the DILG and the DTI signed a Memorandum of Agreement (MOA) on July 24, 2012, that launched the BPLS Automation Project. The MOA created a Technical Working Group on eBPLS (TWG) that will formulate a framework for implementing the computerization of business permits, coordinate the conduct of an e-Readiness Survey, develop/redesign a system for BPLS automation and prepare a capacity building program for LGUs that would like to computerize their BPLS.

3.0 DEFINITION OF TERMS

- 3.1. **Business One-Stop-Shop (BOSS)** – refers to an arrangement where a single common site or location is designated for all concerned agencies in the BPLS system to receive and process applications for business registration.
- 3.2 **Business Permit** – is a document that must be secured from the city or municipal government, usually through its Business Permits and Licensing Office (BPLO), for a business to legally operate in the locality.
- 3.3 **Business Registration** – refers to a set of regulatory requirements that an entrepreneur must comply with to start operating a business entity in a city or municipality, including, but not limited, to the collection or preparation of a number of documentation, submission to government authorities, approval of application submitted, and receipt of a formal certificate or certificates, licenses, permits, and

similar documents which confirm the eligibility to operate as a legitimate business entity in the city or municipality.

- 3.4. **Closed Circuit Televisions (CCTVs)** –refers to a system which sends television signals to a limited number of screens. Video footages and images caught on camera are stored in a built-in or remote memory of the CCTV system within a given period.
- 3.4 **Digital Signature** - is an electronic signature consisting of a transformation of an electronic document or an electronic data message using an asymmetric or public cryptosystem such that a person having the initial untransformed electronic document and the signer's public key can accurately determine: (a) whether the transformation was created using the private key that corresponds to the signer's public key; and (b) whether the initial electronic document had been altered after the transformation was made.
- 3.5 **Electronic Signature** – refers to any distinctive mark, characteristic and/or sound in electronic form, representing the identity of a person and attached to, or logically associated with, the electronic message or electronic document or any methodology or procedures employed or adopted by a person and executed or adopted by such person with the intention of authenticating or approving an electronic data message or electronic document.
- 3.6 **Frontline Service** – refers to the process or transaction between clients and government offices or agencies involving applications for any privilege, right, permit, reward, license, concession, or for any modification, renewal or extension of the enumerated applications and/or requests which are acted upon in the ordinary course of business of the agency or office concerned.
- 3.7 **Joint Inspection Team (JIT)** – is a composite team whose members come from the various LGU departments implementing business-related regulations and local units of national agencies, including but not limited to the Bureau of Fire Protection (BFP) and Social Security System (SSS), created and authorized by the LGU through an Executive Order or Ordinance to conduct joint inspection of business enterprises instead of individual/ separate inspections.
- 3.8 **Negative List** – contains the names of establishments that have outstanding non-compliances with national government agencies such as the BFP, the SSS and the Philippine Health Insurance Corporation (PHIC) and/or local government departments, which will trigger an action from the BPLO to do any of the following: (a) issue a permit but with a requirement that all obligations must be settled within a prescribed period, failure of which will result in actions leading to possible revocation of the business permit; and/or (b) withhold the issuance of the business permit until the non-compliances are satisfactorily addressed by the applicant. The negative list is usually provided by the concerned national government agencies/LGU departments to the BPLO prior to the business renewal period.
- 3.9 **Positive Findings (for Non-Compliance)** – refer to specific cases of non-compliances with one or several regulatory units (LGU and national government agencies) based on inspections undertaken after business permits have been issued. Similar to the concept of the negative list, LGUs will not seek documentary

clearances to be produced but will rely on the information of the positive findings for non-compliance whether to decide or not to renew business permit application.

- 3.10 **Pre-registration Stage** – refers to prerequisite steps during the construction and occupancy stages required to be undertaken by businesses before being eligible to apply for business/Mayor's permit; these include securing building/construction permits and occupancy permits/certificate of occupancy from concerned agencies.
- 3.11 **Processing Time** – refers to the time spent by an applicant from the submission of application for business/ Mayor's permit to the concerned LGU office (usually the BPLO) to the receipt of business/ Mayor's permit, including transaction time, waiting time, and travel time, if applicable, within the site provided by an LGU for business registration. Computation of total processing time should not include the taxpayer's decision to delay performance of succeeding required procedures, including leaving designated area in the middle of the process, or opting to pay taxes, charges, and fees at a later date than immediately possible.
- 3.12 **Signatory** – refers to approving authorities whose initials or signatures are affixed in the various processes required in securing the business permit, Mayor's permit, including the unified form and the actual business permit/ Mayor's permit.
- 3.13 **Step** – is any procedure taken by an applicant as part of the process of applying for and/or processing business permits and licenses that triggers an interface, whether physical or online/virtual, with or an action on the part of the office/unit to which the applicant has presented or communicated with himself/herself leading to a result (a document, certification, or decision) that is necessary to secure a business permit.
- 3.14 **Unified Form** – refers to a single common document used by a business in applying for registration, issued by an LGU or acquired by the business through various channels including websites, that contains the information and approvals needed to complete the registration process and facilitates exchange of information among LGUs and National Government Agencies.

4.0 REVISED BPLS REFORM STANDARDS

All cities and municipalities are enjoined to follow the following revised standards in processing business permits and licenses:

4.1. Unified Form

- 4.1.1. All cities and municipalities shall use a single or unified business application form in processing new applications for business permits and business renewals. The unified form consolidates all the information on a business registrant needed by various local government departments, including the BFP (refer to Annex 1). The use of the form will eliminate the usual practice where applicants fill up several forms required by LGU departments and the BFP.
- 4.1.2 LGUs are enjoined to use the template provided in Annex 1 and modify only to reduce fields requested and not to add unnecessary information.

- 4.1.3. LGUs are enjoined to develop a common or shared database among its various departments involved in business permitting that will store data submitted by the business applicants. LGUs with computerized data bases may (a) utilize a shorter form for business renewals with only variable data, such as gross sales and employment, being required; (b) do away with the submission of a business application form in which case, information needed from the business applicant is secured thru an interview process.
- 4.1.4. LGUs are encouraged to make the unified form as widely accessible beyond the premises of local government offices, using various channels, including making arrangements with private establishments and other public areas for dissemination, and making available for download in the city's official website and in other websites, as may be possible. Consistent with government's promotion of BPLS computerization, LGUs are likewise encouraged to develop and make available for download a 'fillable' version of the unified form which can be filled up electronically and printed for submission or uploaded if the LGU has an online mechanism for submission of permit applications.

4.2 Documentary Requirements Accompanying Application Submission

- 4.2.1. Consistent with DILG Memorandum Circular 2011-15 entitled "Documentary Requirements for a Business Permit," documentary requirements for business permits to accompany the unified form should only be limited to "those prescribed by law, zoning ordinances, or other regulations. Additional requirements beyond those which are legally required and verbal impositions by action or processing officers MUST be stopped."
- 4.2.2. Consistent with the above DILG Circular, LGUs are enjoined to limit the documentary requirements accompanying applications for business/Mayor's permit to the following:

(1) New Business Registration

- (i) Proof of business registration, incorporation, or legal personality (i.e. DTI/ SEC/ Cooperative Development Authority (CDA) registration);
- (ii) Basis for computing taxes, fees, and charges (e.g. business capitalization);
- (iii) Occupancy Permit if required by local laws;
- (iv) Contract of Lease (if Lessee); and
- (v) *Barangay* clearance (for business applicants which do not need occupancy permits).

(2) Renewal Applications

- (i) Basis for computing taxes, fees, and charges (e.g. Income Tax Returns); and
- (ii) *Barangay* clearance

- 4.2.3. LGUs should refrain from requiring business applicants to submit to the BPLO the same documents already provided to other LGU departments in connection with other business-related permits (e.g. tax clearances already submitted as part of construction-related permits, *barangay* clearances).

4.2.4. LGUs are enjoined to limit requirements for multiple copies of documents that have previously been submitted by business applicants to the city/municipal government.

(1) For LGUs that require occupancy permits, information can be acquired from the City/Municipal Engineer's office, Office of the Building Official (OBO), or responsible department/division; hence, ideally no physical copies of the occupancy permit may be required from the applicant.

(2) For new business permit applications, as Occupancy Permits are generally required prior to the application of new business registration, LGUs are encouraged to remove *barangay* clearance as a documentary requirement for business permit applications. Instead, *barangay* clearance should be included as a requirement during the pre-registration stage (to secure Occupancy Permit/ Certificate of Occupancy) and no longer for business registration. Further, LGUs are advised that *Barangay* Officials/Authorities are not authorized to issue *barangay* business permit as an equivalent to a *barangay* clearance.

(3) To the extent possible, LGUs should no longer require copies of DTI/ SEC/ CDA registration documents but only DTI/ SEC/ CDA registration numbers indicated in the Unified Form. Instead, LGUs can verify registration with such agencies through available portals, such as SEC i-views or Philippine Business Registry. They can likewise solicit pertinent information from the City/ Municipal Engineer's Office or OBO based on copies of DTI/ SEC/ CDA registration documents presented during the building and occupancy permit stages.

4.2.5. LGUs shall no longer require applicants renewing their business permits to submit a proof of payment from PHIC or a clearance from the SSS as part of the prerequisite documents. Following the Memoranda of Agreement between the DILG and the social security agencies that streamlined procedures for securing clearances from social security agencies related to business permitting, the latter would provide LGUs with a negative list of non-complying business establishments which the LGUs should tag;

4.2.6 Similarly, LGUs are enjoined to no longer require applicants renewing their business permits to submit clearances from other LGU regulatory offices and other government offices. Instead, non-compliances that have not been addressed prior to the renewal period will be identified as positive findings by the concerned departments/ offices and consolidated into a negative list that will serve as basis for ineligibility to renew the business permit.

4.2.7. In compliance with DILG MC 2014-119, LGUs are encouraged not to solicit proof of the installation of CCTV systems for concerned establishments as a pre-requisite prior to the issuance of the permit; similar to the principle of negative lists as espoused in Section 4.2.5 and 4.2.6, LGUs are enjoined to check compliance with the CCTV requirement after the permit has been issued – i.e. at the time when the LGU visits the said business during inspections. Eligibility for renewal the following year will be contingent on compliance with the said requirement.

4.3 Standard Steps

4.3.1. All cities and municipalities shall ensure that applicants will obtain their business permits after completing only the prescribed three (3) steps or less, which shall consist of the following:

(1) Submission of complete accomplished application form with attached documentary requirements and one-time verification (“Application Filing and Verification”);

(2) One-time assessment of taxes, fees, and charges (“Assessment”); and

(3) One-time payment of taxes, fees and charges, receipt of Official Receipt as proof of payment of taxes, fees, and charges imposed by the LGU and BFP and securing Mayor’s Permit and other regulatory permits and clearances (“Pay and Claim”).

Annexes 2 and 3, respectively, illustrate the standard steps, which applicants shall follow in securing the Mayor’s permit for new business applications and business renewals.

4.3.2. To limit the steps that business applicants go through, LGUs are also strongly encouraged to issue other clearances together with the business or Mayor’s permit, such as but not limited to, sanitary permits, environmental, and agricultural clearances.

4.3.3. LGUs are enjoined to employ queuing mechanisms to better manage flow of applications and to provide priority to clients with special needs, including senior citizens, persons with disabilities (PWDs) and pregnant women.

4.4 Standard Processing Time

4.4.1 All cities and municipalities are enjoined to comply with the prescribed time for processing business registrations, as shown below:

(1) LGUs should strive to process new business permit applications in one (1) day, or one-and-a half (1½) days at most;

(2) LGUs should strive to process business permit renewals in less than one (1) day, or one (1) full day at most;

If the proposed BPLS standards in Sections 4.1 to 4.3 are adopted, both new business registrations and renewals should be classified as ‘simple’ transactions as per ARTA given that the application will not necessitate the use of discretion or resolution of any complicated issue. Therefore, processing new business registrations and renewals should not take more than five days each.

4.5 Signatories

4.5.1 All cities and municipalities shall follow the prescribed number of signatories required in processing new business applications and business renewals following provisions in the ARTA which limits the number of signatories to five (5) in evaluating a request, application, or transaction. To minimize the number of signatories and signatures, LGUs are encouraged to adopt the following practices:

(i) Limit signatories to the Mayor's permit document to only the Mayor or a designated representative (e.g. Administrator, Treasurer, or BPLO) or at most two (signatories), namely the Mayor (or designated representative) and the Treasurer or BPLO as recommending approval; and

(ii) Limit initials and signatures representing validation/verification of regulatory offices, including BFP and other national agencies, for application eligibility by consolidating negative lists (comprised of positive findings) to the BPLO for single, expedited validation/verification process.

4.5.2 LGUs are enjoined to use electronic signatures or pre-signed permits at the minimum with adequate control mechanisms. For greater security and credibility of permits, LGUs are encouraged to utilize digital signatures when employing electronic signatures. However, LGUs may utilize any electronic signature format that would be sufficiently secure and, at the same time, meets their technological and financial capabilities or constraints.

Though not preferable, LGUs which prefer the use of manual signatures must designate alternative signatories when the Mayor or principal approving authority is not around. LGUs shall not allow delays in the issuance of permits because of the unavailability of the approving authority.

5.0 Complementary Reforms in Support of the Revised BPLS Standards

5.1. *Streamlining Procedures for Securing Fire Safety Inspection Certificates*

Since the amended Fire Code of 2008 stipulates that a Fire Safety Inspection Certificate (FSIC) must be secured by business applicants as a prerequisite for the issuance of the Mayor's Permit, the following procedures shall be adopted as part of the reforms that are intended to make business permitting more efficient:

5.1.1 For businesses applying for a Mayor's Permit for the first time, the FSIC issued during the Occupancy Permit stage should already be sufficient as basis for issuance of the FSIC for Business, which is requirement for the Mayor's permit;

5.1.2 In order to implement the "one-time assessment" of business-related fees for the Mayor's Permit, LGUs maybe designated to assess the "ordinary" fire safety inspection fees (FSIS) equivalent to 10 percent of all fees charged by the LGU in the granting of the business permit, provided that

the BFP is able to check the accuracy of the computation and to certify the tax order of payment;

- 5.1.3 On the implementation of the “one-time payment” of business-related fees, the BFP may allow the designation of LGUs as collecting agents for the FSIS provided that the remittance of fire code inspection fees to the BFP shall be made not later than two days after the transaction is made;
- 5.1.4 In instances when the assessment and collection of FSIS is done by the local BFP, the latter shall designate an assessor and cashier at the LGU during the business renewal period every January and/or year-round, who shall be co-located with the LGU’s designated assessor/cashier; and
- 5.1.5 To remove the burden of multiple forms, which businessmen have to fill up in connection with the business permit process, the BFP shall allow the FSIC application form to be integrated with the unified form for business permit application.

5.2 Setting-up of a Business One-Stop-Shop (BOSS) Facility for Business Registrations

Compliance with the above BPLS standards will require the setting up of a BOSS facility whose layout supports the proposed three-step business permit processing. The ideal BOSS includes both frontline services and backroom operations, in which the latter allows co-location of LGU department representatives and the BFP in a physical space that is usually inconspicuous to or “behind-the scenes” from the business applicants. Annex 5 provides two sample BOSS facility layout designs – one for direct LGU support in the assessment and collection of FSIF as per Section 5.1.2 and 5.1.3 and the other for co-location of BFP assessors and cashiers as per Section 5.1.4..

5.3 Conducting Inspections outside the Business Permit Process

There should be no physical inspections undertaken throughout the business permit application process. All inspections for each business must be done before or after the business permit has been issued. Inspections usually undertaken for compliance with zoning and environment ordinances, building and fire safety, health and sanitation regulations during the construction and occupancy stages shall not be conducted again by the LGU as part of the requirements for business registration. Instead, inspections to check compliance with all the requirement standards will be undertaken within the year after the issuance of the business permit. Non-compliances that have not been addressed prior to the renewal period will be identified as positive findings by the concerned departments/ offices and will serve as basis for ineligibility to renew the business permit as per 4.2.6.

5.3. Organizing Several Joint Inspection Teams

LGUs, in cooperation with concerned national agencies, including the Bureau of Fire Protection, are enjoined to organize and create joint inspection teams

(JITs) to conduct inspections of businesses as required by law jointly instead of separate, individual visits to establishments. LGUs are encouraged to create separate JITs for inspections related to pre and post business permit registration processes as follows:

(1) *Verification of Information Declared in the Business Permit Application Form (“Disclosure Verification”)*

This team, composed of representatives from the Business Permits and Licensing Office, City/ Municipal Treasurer’s Office, City/Municipal Health Office, City/Municipal Environment and Natural Resources Office (if applicable), City Veterinary and Agriculture Office (if applicable), and local Bureau of Fire Protection, and Social Security System will be responsible for undertaking inspections within each year after the issuance of the business permit (new or renewal) to verify information declared by the business in the application for business permit and to identify unregistered businesses.

(2) *Continuing Compliance with Safety Standards and Regulations (“Safety”)*

This team, composed of representatives from the City/Municipal Engineer’s Office or Office of the Building Official, City/Municipal Development and Planning Office (Zoning Office), City/Municipal Health Office, City/Municipal Environment and Natural Resources Office (if applicable), City Veterinary and Agriculture Office (if applicable), and local Bureau of Fire Protection will be responsible for undertaking inspections within each year after the issuance of the business permit (new or renewal) after business permits have been issued to check for continuing compliance with safety standards as per national laws and local ordinances.

5.4. *Computerizing and Automating the Business Permit Process*

(1) Cities and municipalities that have streamlined their BPLS in accordance with the above standards are encouraged to computerize their business permitting system. The DOST has produced two knowledge products on BPLS Automation that can be accessed in its website and used by LGUs: (1) the *BPLS Planning and Implementation Guide: Computerizing Business Permits and Licensing Systems in the Philippines*; and (2) *BPLS Automation and Baseline Design Guide: Automation System Flows and Baseline Design*.

(2) LGUs are enjoined to automate their business permit application processes, including but not limited to the following:

- (a) Retrieval of previously submitted information to minimize required forms or fields;
- (b) Consolidation and retrieval of negative lists/ positive findings for one-time verification;
- (c) Assessment of business taxes, charges, and fees;

- (d) Printing of tax orders of payment; and
 - (e) Printing of business/Mayor's permit and other permits and clearances.
- (3) Training programs such as ICT Capacity Building Programs will be provided to LGUs that have passed the *eReadiness Survey* conducted by DOST and DILG. The passing rate is determined annually by the DOST.

5.5. Use of Online and Electronic Mechanisms for More Efficient Business Processing

LGUs are further encouraged to develop online mechanisms for both new business registrations and permit renewal applications to make applications more convenient for clients, including the following components:

- (1) Online portal located within the official city/ municipal website to accept online applications through web-based forms or standard 'fillable' forms that can be uploaded;
- (2) *Electronic* means (e.g. electronic mail) of providing businesses with tax order of payments covering city/municipal government and Bureau of Fire Protection taxes, charges, and fees;
- (3) *Online* means for accepting payments or other electronic means, including 'mobile money,' a form of payment service through the use of a cellular phone where money is received and transferred in electronic form real-time, with corresponding issuance of electronic official receipts in line with Commission on Audit Circular 2013-007, "Guidelines for the Use of Electronic Official Receipts (eORs) to Acknowledge Collection of Income and Other Receipts of Government." LGUs are enjoined to have point-of-sales systems in place to accept credit and/or debit card payments; and
- (4) *Online* means (e.g. electronic mail) for transmitting business/ Mayor's permit and other corresponding clearances and permits. LGUs are encouraged to develop electronic versions of permits and clearances with the same level of authority, which may be printed by businesses in the convenience of their offices.

6.0 ROLES AND RESPONSIBILITIES

6.1. Local Government Units (Cities and Municipalities)

- 6.1.1. The LGUs, represented by the Local Chief Executive/Mayor, shall coordinate with DILG and the DTI in the implementation of revised BPLS standards and shall:
- (a) Organize Technical Working Groups (TWGs) to oversee the implementation of the streamlined BPLS if these have not been created;
 - (b) Participate in all BPLS reform activities that are initiated by the DILG, DTI and DOST at the LGU level;
 - (c) Prepare and implement requisite orders, ordinances and directives relative to the revised BPLS standards and other complementary reforms;

- 6.1.2 Provide the enabling environment for BPLS reforms, namely the legal framework (i.e. executive issuances and/or ordinances in partnership with the local councils), and budget and logistical support necessary in instituting the revised BPLS reform standards to include, but not limited to, staff complement, creation of one-stop-shop facilities, utilization of unified forms, organization and operationalization of JITS, consolidation of lists and databases, development of automated processes, introduction of online mechanisms, and conduct of information, education and communication campaigns (IEC);
- 6.1.3 Engage the BFP in ensuring that the BPLS service standards are complied with, which can mean forging a memorandum of agreement that will contain the streamlined BPLS procedures agreed between the BFP and the LGU;
- 6.1.4 Engage local academic or research institutions to assist in capacity building or developing computer systems for the implementation of the standards or in monitoring or evaluation the of the LGUs' compliance with standards;
- 6.1.5 Develop a database on BPLS-generated data and implement measures that will make available to the public BPLS related information, consistent with the current government's thrust towards open data.

6.2. Department of the Interior and Local Government

- 6.2.1 The DILG, together with the DTI and the National Competitiveness Council, shall coordinate the adoption and scaling up of the revised BPLS reform standards nationwide with other agencies, development partners/donors, especially members of the Philippines Development Forum Working Groups on Decentralization and Local Government and Growth and Investment Climate, and among its regional, local government operations offices, bureaus and attached agencies;
- 6.2.2 The BPLS Oversight Committee, which is co-chaired by the DILG and the DTI, shall provide the overall policy direction in the nationwide scaling up of the BPLS reforms. The Local Government Academy (LGA) under the DILG shall act as the overall coordinator for the nationwide BPLS enhanced streamlining program for LGUs. It shall work closely with the Task Force to Initiate, Implement and Monitor Ease of Doing Business Reforms (TFEDB), which was created thru Administrative Order 38 issued on May 2013, in the implementation of the new standards;
- 6.2.3 The DILG, thru the LGA, shall develop a standard unified training program with an accompanying manual to be used by DTI, DILG, concerned agencies, and development partners/donors. The BPLS Oversight Committee will be responsible for developing the prioritization criteria for sequencing training programs to LGUs across the country. DILG will recommend adoption by all concerned parties through the PDF and BPLS Oversight Committee to standardize LGU BPLS capacity building programs across the country. Further, it will recommend to the above-mentioned PDF Working Groups the

establishment of a multi-donor financing facility that will support training activities;

6.2.4 The DILG and the DTI, as Lead Conveners of the BPLS Oversight Committee, shall coordinate with the Department of Science and Technology-Information and Communications Technology Office (DOST-ICTO) to develop an interoperable open-source database software system that can be made available to LGUs that desire to establish computerized systems but may have capacity and financial constraints;

6.2.5 The DILG, together with DTI and the rest of the members of the BPLS Oversight Committee, shall develop a program to recognize LGUs that have surpassed the revised BPLS reform standards as models of good practice.

6.2.6 The DILG shall work out with the BFP the proposed modifications of the Implementing Rules and Regulations (IRR) of the Fire Code to further streamline BPLS processes and undertake efforts aimed at revising the IRR, including but not limited to the following:

- (1) Explicitly allowing local fire marshals/ BFP units to enter into agreements with LGUs allowing the latter to be deputized as assessors and/or collecting agents for BFP for business registration;
- (2) Acceptance of FSIC for Occupancy for new business applications if still valid instead of requiring another FSIC for Business;
- (3) Participation in Joint Inspection Teams to be organized by LGUs;
- (4) Utilizing the LGU Unified Form as the same form for assessment of Fire Safety Inspection Fee;
- (5) Co-location of BFP assessor/s and cashier/s during renewal periods at the minimum as may be necessary;
- (6) Sharing and exchange of data electronically with LGUs, including list of positive findings;
- (7) Accepting electronic forms of payment for fire safety fees, including but not limited to point-of-sales systems, online banking and payment, and mobile money; and
- (8) Developing mechanisms for issuing electronic official receipts, and electronic mechanisms.

6.2.7 The DILG, together with DTI and the rest of the members of the BPLS Oversight Committee, shall coordinate with the Union of Local Authorities of the Philippines (ULAP), League of Provinces of the Philippines (LPP), League of Cities of the Philippines (LCP), and League of Municipalities of the Philippines (LMP) to promote the revised standards and facilitate peer learning between and among LGUs to further disseminate good practices and models of BPLS streamlining.

6.3. Department of Trade and Industry

- 6.3.1 The DTI, together with the DILG, shall be responsible for providing policy directions in the implementation of the revised BPLS standards nationwide and in ensuring that the requirements for BPLS streamlining are in place among its regional and provincial offices. It shall revisit the monitoring system for tracking the progress of LGUs in reforming their BPLS. It shall continue to co-chair the BPLS Oversight Committee which will provide the overall policy direction in the nationwide scaling up of the BPLS Reforms;
- 6.3.2 Considering its mandate to promote investments and enhance competitiveness both at national and local levels, the DTI, together with the DILG, shall be responsible for developing the prioritization criteria for sequencing capacity building support on the revised BPLS reforms to LGUs based on the priorities of the government and other criteria that will be deemed necessary;
- 6.3.3 As Chair of the TFEDB, DTI shall coordinate with the DILG and LGA in ensuring that streamlining initiatives required as part of the Ease of Doing Business Work Plans are integrated in capacity building programs for LGUs;
- 6.3.4 Consistent with the framework for public-private sector partnership (PPP), the DTI shall be responsible for coordinating with business groups at the national and local levels to support the new BPLS standards and enjoin private sector participation in activities and programs that would facilitate their adoption; and
- 6.3.5 The DTI, as Co-Convener of the Working Group on Growth and Investment Climate under the Philippines Development Forum, shall continue to promote BPLS streamlining initiatives and take responsibility in enjoining the development community to support its efforts.

6.4. Department of Science and Technology

- 6.4.1 The DOST, in partnership with the DILG and the DTI, will be providing training programs to LGUs on the planning and implementation of a computerized BPLS. The results of the *eReadiness Survey* will be used by the DOST, in partnership with DILG, in identifying the LGUs that will be given priority in the training programs to be conducted by the government;
- 6.4.2 The DOST will be conducting a trainers' training for private sector service providers who might be interested in conducting training programs on BPLS computerization. These contractors will be accredited by the DOST, which will submit a list of service providers that LGUs can contract to provide training in BPLS computerization. Such list will be made available to LGUs by the DOST, DILG and DTI websites. The LGUs will be responsible for the cost of conducting the training;
- 6.4.3 The DOST will make available to interested LGUs a software that can be used in computerizing their BPLS.

- 6.4.4 The DOST, in partnership with DILG and the DTI, shall organize and manage an online Help Desk, which will answer queries related to the new standards on business permit processing and those on the computerization of business permitting by LGUs.

7.0 ENFORCEMENT CLAUSE

This Joint Memorandum Circular shall enforce all the provisions of Republic Act No. 9485 or Anti-Red Tape Act of 2007 and its Implementing Rules and Regulations, DILG Memorandum Circular 2011-15, and CoA Circular 2013-007

8.0 SEPARABILITY CLAUSE

If any clause, sentence or provision of this Joint Memorandum Circular shall be invalid or unconstitutional, its remaining parts shall not be affected thereby.

9.0 REPEALING CLAUSE

This Joint Memorandum Circular shall amend the provisions within DILG-DTI JMC 01, series of 2010. All other orders, rules and regulations inconsistent or contrary to the provisions of this Joint Memorandum Circular are hereby repealed or modified accordingly.

10.0 EFFECTIVITY

This Joint Memorandum Circular shall take effect immediately.

MANUEL A. ROXAS II
Secretary
Department of the Interior and Local
Government

GREGORY L. DOMINGO
Secretary
Department of Trade and Industry

MARIO G. MONTEJO
Secretary
Department of Science and Technology

ANNEX 5. Report on the DILG-BFP Workshop on Streamlining Processes for Securing Fire Safety Permits

I. Background

The Bureau of Fire Protection (BFP), an agency under the Department of the Interior and Local Government (DILG), is a regulatory office that plays an important role in business-related permits that are secured by establishments at the local level. The recently amended Fire Code of the Philippines (R.A. 9514) contains a provision whereby all cities and municipalities are mandated to require all establishments to first secure a Fire Safety Inspection Certificate (FSIC) before granting a Mayor's permit. It also requires the issuance of Fire Safety Evaluation Certificate (FSEC) by the BFP before the issuance of building permit by the local government unit (LGU) and an FSIC before an occupancy permit is granted upon completion of a building.

The past studies conducted on the country's business permit processes indicate that the requirements of national government agencies, one of the which is the BFP contributes to the long processing time to secure business-related permits. While many LGUs have positively responded to the service standards set by DILG and DTI in processing business permits as contained in Joint Memorandum Circular No. 1, there is a need to also streamline the procedures for getting the fire safety certificates from the BFP.

In a meeting between the INVEST project and DILG officials on January 19, 2014, it was agreed that a workshop will be conducted to discuss proposals that will facilitate the BFP processing of fire safety inspection certificates. The Workshop will be jointly organized by the Office of Undersecretary Santos of DILG and the BFP, with support from USAID's Investment Enabling Environment Project. This reports on the results of the workshop, which was held on March 4-6, 2014.

II. Objectives and Design of the Workshop

A. Objectives

1. To share good practices in business permits and construction-related permits of model LGUs;
2. To discuss and gather consensus on the proposed reform areas to streamline procedures in securing fire safety permits with the following considerations:
 - i. Minimize the perceived complexity or burden of the permitting process and to make this effective and efficient;
 - ii. Balance local economic development objectives and the responsibility of the BFP to safeguard and promote public welfare; and
 - iii. Reduce the cost of doing business, improve competitiveness of local government units and attract investors in their locality.
3. To get consensus on the legal instruments that will implement the proposed streamlined processes.

B.

Workshop Design

To achieve the above objectives, the workshop was divided into three parts. The first part was a plenary discussion of the proposals to streamline the issuance of fire safety permits followed by presentations of model local government units (LGUs) i.e. Valenzuela City, Batangas City and Cagayan de Oro City, which adopted streamlined business permitting reforms that included BFP requirements.



The second part was the workshop proper where the participants were divided into four groups: (1) the Building Permit Group; (2) the Occupancy Permit Group; (3) the Business Permit Group; and (4) the LGU participants. Each group discussed the streamlining proposals presented during the first day with the objective of arriving at a consensus on the steps, processing time, requirements and assessment/payment mechanisms that will be adopted by the BFP in processing the Fire Safety Evaluation Certificates (FSEC) and FSICs.

The third part of the workshop was a presentation of the workshop recommendations to implement the streamlined processes in the issuance of fire safety permits to senior officials of the DILG and the BFP.

III. Date, Venue and Participants of the Workshop

The three-day workshop was held on March 4-6, 2014 at the 8th Floor of the DILG-NAPOLCOM CENTER, Quezon City. There were 77 participants, of which 36 came from the BFP, 22 from LGUs and 13 from the DILG. Undersecretary Peter Corvera and Undersecretary Austere Panadero headed the DILG participants while OIC-Chief Superintendent Carlito Romero headed the BFP delegates. The LGUs representatives came from Camarines Sur, Lucban Quezon, Pampanga, Cagayan de Oro and Batangas City and nearby cities like Taguig, Valenzuela and Pateros also attended the workshop.

IV. Part 1: Proposals for Streamlining the Procedures for Securing FSIC and Best Practices of Model LGUs

A. Proposals from Past Studies (INVEST Presentation)

The streamlining of business permits and licensing systems (BPLS) has been the focus of several donor-assisted projects since the early 90s, which were funded by the US Agency for International Development (USAID), the GTZ of Germany and the International Finance Corporation (IFC). In these studies, there were some proposals for streamlining FSIC-related processes that the BFP can consider:

1. On Securing the Mayor's Permit. The DTI and the DILG have set service standards in processing business permits (both for new applications and renewals), e.g. number of

steps, processing time, number of signatories, form. In order for LGUs to comply with these standards, the following have been proposed, which also considered the provisions of the amended fire code:

- a. Allow the assessment and collection of fire code fees by cities and municipalities;
 - b. If this cannot be done, the BFP can be co-located with the City/Municipal Treasurer's Office (C/MTO) for the assessment and payment of fees to save applicants from going to the BFP offices at least during the business renewal period; and
 - c. Organize the database of BFP and electronically connect this with the LGUs' computer systems.
2. On Fire Safety Inspections. The inspection of establishments is an integral part of the business permits process as well as the construction-related permits, e.g. occupancy. The following suggestions on the conduct of inspections by BFP have been put forward in past studies:
- a. Include the BFP in the Joint Inspection Teams organized in some LGUs to reduce the inconvenience caused by separate inspection-related visits of local governments' regulatory offices to applicants;
 - b. Conduct BFP-related inspections required as a prerequisite to the renewal of business permits before the renewal period in January (i.e. between the months of February to November of every year);
 - c. For new business permits applications that have undergone construction or renovation, the BFP inspection conducted as part of the occupancy permit process could be used as basis for the release of the FSIC for business permits if certain conditions are met;
 - d. Consider risk-based categorization of establishments, which can be the basis for putting in place a risk-based inspection system since not all establishments can be inspected by the BFP due to lack of resources; Provide sufficient manpower in BFP sub-national levels to undertake the functions of fire safety which can partly be based on the number of establishments in the communities to be served; and
 - e. Follow "business-friendly" inspection practices such as:⁵
 - i. Giving prior inspection notice to establishments to be visited;
 - ii. Ensuring that inspectors are qualified;
 - iii. Providing a professional inspection checklist to establishments even prior to inspection;
 - iv. Follow clear procedures during inspection;
 - v. Issue prompt notification of results to establishment owners; and
 - vi. Providing a mechanism for dispute resolution.

On the Processes for Securing Building and Occupancy Permits. The National Building Code (PD1096), which prescribes standards for ensuring the safety of building structures, specifies the inclusion of the BFP in the evaluation process for granting building and occupancy permits. Some of the recommendations of past studies in relation to this function are outlined below:

⁵ These principles are contained in the "BPLS Inspection Guide: Conducting Business Friendly Local Inspections in the Philippines" prepared by USAID in 2012.

- a. Simplify and standardize BFP procedures related to the grant of FSEC and FSIC nationwide;
- b. Participate in the LGU-organized Joint Inspection Team for safety compliance;
- c. Limit processing time of BFP to 5 days (ARTA) for FSEC and FSIC;
- d. Allow alternate signatories in the FSIC;
- e. Augment resources at sub-national level by allowing cofinancing/sharing of resources with LGUs; and
- f. Work towards the automation of the BFP processes for granting FSIC in line with the LGU's own computerization system (similar to Valenzuela City)

B. Best Practices of Selected LGUs

There were three cities – Batangas, Cagayan de Oro and Valenzuela – invited to present their reforms in the business and construction permitting processes. The processes adopted by these cities illustrate arrangements with the BFP that contributed to the efficient processing of business and construction-related permits. The highlights of the presentations are presented below:

1. Batangas City

In Batangas city, close collaboration between the city government and the City Fire Marshall has led to greater efficiency in securing FSIC for business permits. How this was done was explained in the presentation as summarized below:

- a. Specifically, the number of steps for securing an FSIC has been reduced from 8 steps to just 3 steps.⁶ This was made possible through the following measures:
 - i. Assignment of 2-4 BFP personnel in the city's business one-stop shop (BOSS);
 - ii. Participation of the BFP in the backroom operations of the city's business permitting operations which includes the assessment and payment of BFP fees and the printing of the FSIC;
 - iii. Co-location of BFP personnel in the payment section/window of the BOSS which limits the face-to-face interaction of the applicant to both BFP and local government personnel to just one person in one-window;
 - iv. Provision of computers by the city government for the use of the BFP at the BOSS; and

⁶ Prior to 2013, a business applicant goes thru 6 steps for getting an FSIC: (1) get a BFP application form, including all the requirements; (2) provide a photocopy of the previous year's Mayor's permit; (3) refill the Fire extinguisher from a provider; (4) return to the BOSS to submit the requirements; (5) have the fees assessed; (6) pay the fees; (7) get a claim stub; (8) claim the FSIC and sign the logbook. In 2014, the steps were limited to just one – payment of the fees for FSIC.

- v. Integrated the fields in the BFP application form into the city government business application form, saving the business applicant from filling up two forms;
 - vi. Inclusion of the BFP in the Disclosure and Revenue Inspection Teams where establishments with positive findings are reported and tagged not later than December 15 (before the January renewal period) in the city's computerized business permits and licensing system (BPLS).;
 - vii. Encoding of the establishments with positive findings by the BFP in the computer system of the local government for tagging during the renewal period so that these erring establishments will no longer be given a business permit until they comply with BFP requirements.
- b. The City government is proposing the following arrangements with BFP to further improve the processing time for business permit applications:
- i. Use of common computer platforms that would allow greater integration between the data systems of BFP with the local government;
 - ii. Allowing the City Treasurer's Office (CTO) to assess and collect tax and fire fees in behalf of BFP as practiced prior to 2013 especially for simple transactions where fire code fees are computed as 10 percent of local fees due to BFP;
 - iii. Signing of a Memorandum of Agreement (MOA) between the city government and the BFP to clarify roles and responsibilities in processing business permits which can be renewed every year prior to renewal period; and
 - iv. Convince the BFP to agree to allow mobile payments for fire safety fees.

2. Cagayan de Oro City

The city is a model LGU that was able to improve its processing time for business renewals to less than 5 steps and processing time to less than a day. Similar to Batangas city, the city government of Cagayan de Oro was able to do the streamlining in close coordination with the BFP, whose participation in the process is described below:

- a. Inclusion of the BFP (on call) in the Committees on Streamlining of Business Permits organized by the city government thru Executive Orders issued in 2010 and in 2012;
- b. Membership of the BFP in the Joint Inspection Team organized by the city government in 2010;
- c. Co-location of BFP with the CTO during the renewal period in the BOSS which allowed a 3-step business permit process for the city;
- d. Electronically linking the BFP with the CTO that allowed immediate viewing of Tax Order of Payment which already includes the 10% FSIC fees (essentially

allowing the city government to do the assessment of fees which are computed electronically by the CTO as part of their compliance with the one-time assessment of city fees encouraged in the DILG-DTI JMC No.1 (series of 2010));

- e. Providing the BFP with a computer for their use;
- f. Providing a daily assessment report to the BFP containing the list of applicants which were assessed by the city; and
- g. Participation of the BFP in the satellite BOSS outside of the city Hall.

3. Valenzuela City

Valenzuela City was requested to present their newly installed system for processing construction-related permits. The processing time of Valenzuela for both permits has been cut down to 1-2 days and this was made possible with the cooperation of the BFP.

- a. The reforms of the city in the processing of building and occupancy permits were part of the 3S plus system (simple, speed, service), the city's anti-graft and corruption program that established effective and efficient processing of all business-related applications;
- b. Part of 3S plus is the drop box system for building and occupancy permits that automated the processing of construction-related permits and which was implemented in cooperation with the BFP Valenzuela thru a MOA signed on January 2014;
- c. The drop box system involves the setting up of an electronic terminal where applicants can submit all the requirements in a drop box, the organization of a backroom operation that included the BFP and an inspection system that allowed a 1-2 day processing of applications.;
- d. The 3S plus electronic terminals are electronically linked to the BPLO, the OBO and the RPT, which in turn are all connected the City Treasurer's Office and the IT server
- e. The 3S plus systems also allows online and mobile payments of fees in additional to the conventional payment systems.

D. Workshop Outputs

The workshop participants were divided into four groups: (1) Building Permit Group; (2) Occupancy Permit Group; (3) Business Permit Group; and the (4) LGU Group. Each group assessed the streamlining proposals presented during the first day to get consensus or agreements on the areas for streamlining FSIC processes covering the steps, processing time, requirements and assessment/payment mechanisms. A set of guide questions was provided to the groups during the discussion. At the end of the group discussion, the participants presented the following recommendations for making the BFP procedures more customer-centric:

1. Building Permit Group

- a. Steps: While the Building Code requires that the Building Official to refer to the BFP one set of plans for the review of plans and specifications for fire control and safety, the group recommended allowing applicants to directly apply to the BFP, effectively removing the requirement for the Office of the Building Official to refer the application.
 - b. Processing Time: Building permit applications will be classified into simple and complex whereby processing time will be targeted as follows:
 - (1) One (1) day for simple applications; and
 - (2) Five (5) days for complex applications.
 - c. Fees: The basis for assessment of building application fees is proposed to be changed from the estimated cost of building materials to the cost of construction per square meter.
 - d. Pre-requirements: Reduce the documentary requirements of the BFP for building permits.
2. Occupancy Permit Group
- a. Status Quo: No proposed changes.
3. Business Permit Group
- a. Steps: Reduce the steps that the BFP follows in processing FSIC applications for business permits from 8 to 2-3 steps in sync with streamlined LGU process;
 - b. Inspection:
 - i. Allow pre-inspection starting June;
 - ii. Classification of establishments according to size; and
 - iii. Automate the database using the BFP in-house developed computer system used by Regions 4A and 3;
 - c. Processing time: Target reducing processing time from 3 days to a day;
 - d. Assessment and Payment: Reduce the time spent in assessing and paying BFP-related fees from one day to 1-5 minutes; and
 - e. Requirements: Remove all pre-requisite documents (e.g. previous year's Mayor's Permit) from 4 documents to none due to computerized database.
4. LGU Group

The LGU group was composed of the DILG's BLGD, BLGS, LGA and representatives from the Business Permits and Licensing Offices (BPLO) of Regions 3, 4A and 4B, the cities of Valenzuela, Taguig, Makati and the municipalities of Pateros, Lucban (Quezon), and San Lorenzo Ruiz (Camarines Norte). The discussions led to the following recommendations:

a. BFP Inspections:

- i. Inspections, which are routinely conducted as part of the process for securing FSIC for business, are proposed to be done after the issuance of the Mayor's permit for both new business applications and business renewals. In this situation, the city governments can issue temporary permits even without the FSIC;
- ii. The BFP should encourage the participation of BFP personnel in the Joint Inspection Teams (JIT) organized by the city government;
- iii. Sharing of database especially during post-evaluation/inspection;
- iv. The BFP should consider categorizing buildings according to risk categories, i.e. high risk and low risk.

b. Assessment and Payment of Fire Safety-Related Fees

- i. The BFP should consider allowing LGUs to assess fire code fees, which can be included in the tax order of payment (TOP) issued by the LGU;
- ii. In relation to i, the BFP to allow LGUs to collect the payment of fire code fees, which can be remitted to the BFP within a period agreed between the BFP and the LGU (e.g. one week or one month);
- iii. In the arrangements i and ii, the concerned LGUs to commit to provide the necessary reports required by BFP; and
- iv. The BFP is requested to assign BFP personnel to LGUs especially during the renewal period where the BOSS are set-up, to facilitate the assessment and payment of fire code fees. The BFP representation can also be extended even after the renewal period to facilitate assessment and payment of fees for new business applications.

5. Issues for Resolution:

During the plenary discussions on the second day, the following issues were identified as needing decision by the BFP management and DILG officials:

a. Allowing LGUs to assess and collect fire code fees

The legal issue on whether the assessment and payment of fire code fees can be delegated to the LGU needs to be settled.

- b. Timing of the inspections conducted as part of the process for granting the FSIC
The LGUs are requesting the BFP to conduct inspections for FSIC purposes to be done either after the issuance of the Mayor's permit or before businessmen applies for a Mayor's Permit (for renewals).
- c. Settling the administrative arrangements re: 20% share of the LGU from the fire code fees collected by BFP
The BFP needs to prescribe the procedure for implementing this provision of the amended Fire Code.
- d. Allowing mobile payment for selected BFP offices
For selected LGUs that are already adopting online or mobile payments (e.g. Batangas city and Valenzuela) or plan to do so in the near future (e.g. Cagayan de Oro), there may be a need for the BFP to pilot test the payment scheme in order for the business applicant to fully benefit from this payment modality.
- e. Reinstate the requirement to submit a FALAR (Fire and Life Safety Assessment Report) for occupancy permits
The submission of a FALAR was suspended, despite being in the Fire Code due to reports of anomalies. However, it is claimed that the FALAR is an important document that is needed to ensure fire safety of building structures.

6. Next Steps

After the presentations, the participants agreed on the following next steps:

- a. Consider possible amendments to the IRR of the Fire Code to incorporate whatever changes allowed by law can be implemented with respect to the assessment and collection of fire-code fees;
- b. BFP to issue circular for its personnel to incorporate the agreements on the streamlined procedures; and
- c. DILG to issue circular to LGUs regarding the streamlined procedures for granting Fire Safety Inspection Certificates

E. Concluding Message of Undersecretary Peter Corvera

Undersecretary Corvera highlighted the importance of formulating a workable solution the will benefit all stakeholders and eventually the whole economy. He cited the difficulty of implementation but highlight the need for working towards a uniform application of the law and its implementing guidelines nationwide, which is similar to what the businessmen are clamoring. Just discussing the issues was a big step forward. Moving forward, the DILG and the BFP

committed to addressing the issues identified and promises to work closely with the LGUs as one family that will ensure that overall welfare of the people are protected. Undersecretary Corvero closed the proceedings by promising to study seriously the outputs of the just-concluded productive workshop.

ANNEX 6. Draft Circular Containing the Proposed Amendments to the Implementing Rules and Regulations (IRR) of the 2008 Fire Code of the Philippines

(Draft;INVEST;v.2 (2014-12-02))

[Draft Memorandum re: IRR Amendments; proposals are in bold]

Memorandum Circular Number _____

To : All Concerned

Subject : Amending Certain Sections of the Implementing Rules and Regulations of Republic Act 9514 (Fire Code of the Philippines of 2008) Related to the Inspections, Issuance of the Fire Inspection Safety Certificate (FSIC), Assessment and Collection of Fire Code Fees and Documentary Requirements

The Philippines is currently streamlining its regulatory procedures in preparation for the ASEAN Economic Community 2015, which will bring in competition from other countries in the ASEAN member countries. In order to make local government units (LGUs) more competitive and consistent with the streamlining of the Business Permits and Licensing System (BPLS) being promoted by the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry (DTI), the following sections of the Implementing Rules and Regulations of R.A. 9514 are hereby amended:

1. Section 9.0.2.4 Periodic Inspection by Fire Safety Inspectors shall read as follows:

*“C. The City/Municipal Fire Marshal having jurisdiction shall cause the conduct of periodic fire safety inspection of any building, structure, facility or premises for the purpose of determining compliance with the provisions of the Fire Code and this IRR. **The annual inspection shall be conducted from February to November of every year, prior to the business renewal period in January of the following year.** For this purpose, Inspection Order shall be issued by the City/Municipal Fire Marshal having jurisdiction...”*

*“D. **The BFP shall provide concerned cities and municipalities with the list of establishments which have not complied with the Fire Code and its IRR based on the After Inspection Report prepared by the Fire Safety Inspectors, every November of every year for purposes of identifying those that will be granted a Mayor’s permit.**”*

*“E. **The City/Municipal Fire Marshall shall allow the participation of its personnel in the Joint Inspection Teams that the cities/municipalities may organize to check for continuing compliance with safety standards as per national laws and local ordinances.** “*

2. Section 9.0.4.1 FSIC as a Pre-requisite for Issuance of Permit/License shall read as follows:

*“Upon Compliance of the fire safety requirements under Rule 10 of this IRR, a Fire Safety Inspection Certificate (FSIC) shall be issued by the BFP as a pre-requisite for the issuance of Business or Mayor’s Permit, Permit to Operate, Occupancy Permit, PHILHEALTH Accreditation for Hospitals, DOH License to Operate and other permits or licenses being issued by other government agencies. **The FSIC shall be effective until a new FSIC is issued by the BFP after the annual inspection is conducted.***

FSIC issued on newly constructed, reconstructed and/or renovated building or structure to support grant of Occupancy Permit can be used as basis for the issuance of new FSIC for Business Permit upon payment of applicable fire code fees, provided all the following requirements are met, to wit:

- (1) The applicant shall submit the documentary requirements specified in section 9.0.4.2 as amended below;***
- (2) FSIC for occupancy permit can only be used by the person who was issued the same, provided that the application for FSIC for Business Permit shall be made within six (6) months from the issuance of the FSIC for Occupancy Permit.***

Provided further that the issuance of the said new FSIC will not in any way prevent or diminish the authority of the CFM or MFM concerned to conduct fire safety inspection to the building or structure where the business is being conducted , simultaneously or anytime thereafter as may be deemed necessary. Any violation found in the conduct of said inspection shall cause the issuance of Notice to Comply (NTC) and/or Notice to Correct Violation (NTVC) and non-compliance thereof may cause the subsequent cancellation of the FSIC issued.”

The FSIC for business may be secured by the applicant within a period of three months after the Mayor’s permit has been granted; failure by the business applicant to do so will result in the BFP recommending a revocation of the business permit by the city or municipal government. Such arrangement will require signing of a Memorandum of Agreement between the Local Fire Marshal and the concerned local government.”

3. Section 9.0.4.2 Documentary Requirements shall read as follows:

“A. FSIC for Occupancy Permit

- 1. One (1) set of approved building plans;***
- 2. Building Permit***
- 3. Certificate of Completion***
- 4. Certificate of Electrical Inspection;***
- 5. Locational Clearance;***
- 6. FALAR 1 and/or 2***
- 7. FSES; and***
- 8. Other pertinent documents as deemed necessary***

“B. FSIC for Application for New Business Permit

- 1. Application for New Business Permit/Endorsement from the Business Permit Licensing Office (BPLO)⁷;*
- 2. Assessment of Business Permit/Tax Bill for Business Permit;*
- 3. Copy of Fire Insurance Policy, if any;*
- 4. Copy of Fire Inspection Certificate for Occupancy Permit issued within six (6) months of application for new business permits.*

C. FSIC for Business Renewal

- 1. Application for Business Renewal*
- 2. Assessment of Business Permit/Tax Bill for Business Permit;*

The application form for FSIC may be integrated with the unified application form for a Mayor's Permit issued by the city/municipality following the format prescribed by the DTI and DILG to avoid multiple filling up of the same information by the business applicant. The BFP shall coordinate with the city/municipality on the arrangements for the submission of the form to the BFP either in electronic format or hard copies.

4. Section 12.0.0.3 Assessment shall read as follows:

“A. The assessment of the code taxes, fees/charges and fines as revenues is vested upon the BFP. The Chief, BFP shall prescribe the procedural rules for such purpose, subject to the approval of the Secretary, DILG.

B. The City/Municipal Fire Marshal having jurisdiction shall assess the prescribed Fire Code revenues within his area of jurisdiction The Chief, BFP may allow City/Municipal Fire Marshall having jurisdiction over a city or municipality to enter into a memorandum of agreement with the Local Chief Executive of said city/municipality that will allow the latter to assess the amount of fees for the issuance of business permits, building permits, occupancy permits and realty tax (except on structures used as a single family dwellings) as specified in sections 12.0.0.2 (A.1, A.2 and A.6) of this IRR, provided that the BFP has certified that the formula used by the city/municipality in computing for said fees are consistent with the above sections of the IRR on Fire Code Revenues and that the BFP certifies/initials the tax bill/order for Business Permit issued by the city/municipality which includes the amount due to the BFP

⁷ The endorsement is a new requirement. There is a need to clarify whether the endorsement a new document that LGUs have to produce specifically for the BFP.

Provided further that the said city/municipality shall provide a list of business establishments assessed with respect to the taxes due to the BFP on a weekly basis."

- C. *The Chief, BFP or his duly authorized representative shall exercise the general power to assess the prescribed fire code taxes, fees/charges and fines for installations, structures, facilities and operations not within the jurisdiction of any Fire marshal or in any other conditions as the need thereto arises.*
- D. *The result of the assessment shall be the basis for issuance of Order of Payment Slip (OPS) by the City/Municipal Fire Marshal having jurisdiction for purposes of collection and deposit."*

5. Section 12.0.0.5 Manner of Collection shall read as follows:

"A. The BFP shall collect the prescribed fire code revenue thru any of the following options:

- ...
- 2. Collection by collecting officers, which may include those coming from cities and municipalities with approved Memorandum of Agreements with the BFP per Section 12.0.0.6 below;"***

6. Section 12.0.0.6 Designation of Collecting Officer shall read as follows:

"The Chief, BFP or the Regional Director concerned shall designate a Collecting Officer in every City and Municipal BFP upon recommendation of their respective Fire Marshals. With respect to the fees for the issuance of business permits, building permits, occupancy permits and realty tax (except on structures used as single family dwellings), the Chief, BFP may allow the City or Municipality BFP to enter into a Memorandum of Agreement with a city/municipality that will allow said local government unit to be designated as collection officers, provided that said MOA shall stipulate that the said city/municipality shall remit, in the form of a check payable to the BFP and not later than 5 days after the transaction, the aforesaid taxes and fees due to the latter, together with a list of transactions and particulars used as basis of the assessment of the taxes due to the BFP."

In cases when the BFP is the collecting agent, the BFP shall designate a collecting officer in January during the annual renewal of Mayor's permits, who shall be co-located with the designated cashier from the City/Municipal Treasurer's Office at the LGU's Business One-Stop Shop as part of the government's initiative to streamline the BPLS. The BFP shall issue an official receipt for Fire Inspection Fees separate from the official receipt for mayor's permit from the City/Municipality Treasurer's Office. During the business renewal period, the BFP shall be provided with an office space in the Treasurer's Office where payment of mayor's permits are made."

7. Section 12.0.0.9 Local Taxes, Fees and Fines shall read as follows:

*“The collection and assessment of taxes, fees and fines as prescribed in the Local Government Code, except those contained in this Code, shall be the function of the concerned Local Government Unit. **However, cities/municipalities may be designated to assess and collect specific fire code fees in relation to the issuance of mayor’s permit,s subject to the approval of the Chief, BFP which may be contained in separate Memorandum of Agreement with the Local Chief Executive having jurisdiction over the area.”***

This Circular shall take effect fifteen days after its publication in the Official Gazette or newspaper of general circulation and all existing memorandums, circulars, rules and regulations and guidelines inconsistent herewith are hereby repealed or modified accordingly.

Done in Quezon City on __day of December 2014.

ARIEL A. BARAYUGA
Officer in Charge, Director BFP

APPROVED BY:

SECRETARY MAR ROXAS

ANNEX 7. Draft Circular for LGUs on the Streamlined Procedures for FSIC

DRAFT Circular (2014-12-02)

REPUBLIC OF THE PHILIPPINES

Memorandum Circular No. __, Series of 2014
_____ 2014

TO: THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI), THE BUREAU OF FIRE PROTECTION (BFP), MEMBERS OF THE SANGGUNIANG PANGLUNGSOD AND SANGGUNIANG BAYAN, AND LOCAL CHIEF EXECUTIVES OF ALL CITIES AND MUNICIPALITIES

SUBJECT: STREAMLINED PROCEDURES FOR SECURING FIRE SAFETY INSPECTION CERTIFICATE (FSIC) AS A REQUIREMENT FOR THE GRANT OF BUSINESS PERMIT IN CITIES AND MUNICIPALITIES

1.0 Purpose

- 1.1 To provide the guidelines prescribing streamlined procedures for securing Fire Safety Inspection Certificate (FSIC) which is a requirement for the grant of business permits in cities and municipalities; and
- 1.2 To clarify the roles and responsibilities of cities and municipalities and the Bureau of Fire Protection (BFP) in implementing a more efficient business permit process at the local level.

2.0 Statement of Policies

- 2.1 Pursuant to Republic Act No. 9514 otherwise known as the Fire Code of the Philippines of 2008 (henceforth referred to as the "Fire Code"), the issuance of the FSIC by the BFP is a requirement for the issuance of a Business or Mayor's Permit, Permit to Operate or Occupancy Permit being issued by cities and municipalities.
- 2.2 At the same time, Pursuant to Republic Act No. 9485 otherwise known as the Anti-Red Tape Act (ARTA) of 2007 (or Republic Act 9485), mandated all government instrumentalities and local government units to provide efficient delivery of services to the public by reducing bureaucratic red tape, preventing graft and corruption, and providing penalties thereof. The ARTA, which provides the legal basis for re-engineering the current business processing systems at the local level, sets benchmarks for processing simple and complex transactions which are applicable to the conduct of business inspections and the issuance of the FSIC.

- 2.3 In response to the intent of the ARTA, the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry issued Joint Memorandum No. 1 (series of 2010) that set service standards for processing business or Mayor's Permit by cities and municipalities covering four areas: (a) the number of steps; (2) processing time; (c) the use of one unified form; and (4) number of signatories.
- 2.4 However, the JMC No. 1 was signed after the implementing rules and regulations of RA 9514 mandating that the assessment and collection of fire code fees to be the responsibility of the BFP was issued. Hence, this new requirement of the amended Fire Code added 3-4 steps in the service standards provided in JMC No. 1, making it difficult for cities/municipalities to comply with the standards for business permitting.
- 2.5 Given the mediocre performance of the Philippines in the category "starting a business" in the 2015 Doing Business Survey conducted by the International Finance Corporation and the increasing competition the country potentially faces with the implementation of the ASEAN Economic Integration in 2015, the government is intent on further streamlining its business permitting processes to reduce the cost of doing business in the country in general as well as in cities and municipalities nationwide.
- 2.6 It is therefore necessary to treat the business permitting process of cities and municipalities and the requirements of the BFP in an integrated and holistic manner since business applicants usually consider the requirements of government, whether local or national, as one set of government conditions that must be complied with. Consistent with this, the business permit process shall be viewed from the perspective of the business applicant from the time s/he registers or applies for a permit including the time spent for complying with the prerequisite documentary requirements (e.g. *barangay* clearance) up to the time that the permit is granted and the establishment is ready to operate.
- 2.7 The overall objective of the streamlining reforms in this circular is to ease the requirements and reduce the cost of doing business in the country while recognizing the primordial responsibilities of the local government and the BFP to protect the overall welfare of the citizenry. The processes for acquiring licenses and permits, specifically those required for business operations, can still be made more efficient and the fees to be paid reasonably set to reflect the cost of rendering the service by the government.

3.0 Integration of the FSIC Application Form with the Unified Business Application Form

Cities and municipalities are enjoined to integrate the application form for FSIC with the unified business application form to eliminate the usual practice where applicants fill up several forms required by LGU departments and the BFP (refer to Annex 1 for the sample). The BFP and the concerned local government units shall set up an arrangement on the

manner by which the information needed by the BFP can be relayed by the local government unit (LGU), either electronic or physically in hard copies.

4.0 Streamlined Procedure for Securing the Fire Safety Inspection Certificate (FSIC) for Business Permit

4.1 Cities/municipalities are enjoined to synchronize inspections conducted during building and occupancy permit phases, the business registration phase and annual inspections by reviewing the objectives and scope of each inspection, differentiating between asset-specific and operations-specific assessments. The former focuses on determining whether an asset, such as a building, is compliant with technical standards and specifications prescribed in the Building Code, among others. Operations-specific assessments ensure that the applicant follows the applicable safety, health or environmental standards as it operates its business. Hence, applicants should not be made to undergo inspection for zoning, environment, health and sanitation during the business registration phase if the applicant has already been subjected to and passed the inspection for such conducted during the phase for securing occupancy permits.

4.2 For new business applicants, the FSIC issued on newly constructed, reconstructed and/or renovated building or structure to support the grant of an Occupancy Permit shall be the basis for the issuance of the FSIC for business permits provided the following conditions are met:

4.2.1 The applicant shall submit the documentary requirements specified in the IRR of the amended Fire Code, as follows: (a) application for New Business Permit/Endorsement from the Business Permit Licensing Office (BPLO); (b) assessment of Business Permit/Tax Bill for Business Permit; (c) copy of Fire Insurance Policy, if any; (d) copy of the Fire Inspection Certificate for Occupancy Permit issued within six (6) months of the application for new business permits;

4.2.2 Payment of applicable Fire Code fees; and

4.2.3 FSIC for occupancy permit can only be used by the person who was issued the same, provided that the application for FSIC for New Business Permit shall be made within six (6) months from the issuance of the FSIC for Occupancy Permit.

4.3 The FSIC for business may be secured by the applicant within a period of three months after the Mayor's permit has been granted; failure by the business applicant to do so will result in the BFP recommending a revocation of the business permit by the city or

municipal government. [This pertains to the agreement of BFP with QC as member of the NCC Task Force on Starting a Business].

4.4 The issuance of the said new FSIC for business permits shall not in any way prevent or diminish the authority of the City or Municipal Fire Marshalls concerned to conduct fire safety inspection to the building or structure where the business is being conducted, simultaneously or anytime thereafter as may be deemed necessary. Any violation found in the conduct of said inspection shall cause the issuance of Notice to Comply (NTC) and/or Notice to Correct Violation (NTVC) and non-compliance thereof may cause the subsequent cancellation of the FSIC issued.

4.5 Since FSIC is a requirement for business renewals, the following measures shall be adopted to reduce the steps and processing time in renewing business permits:

4.5.1 The BFP shall conduct the annual inspection of business enterprises within their locality from February to November of every year, prior to the business renewal period in January of the following year. The list of business enterprises with positive findings or those found to have violated the Fire Code shall be provided to the concerned cities/municipalities by December of every year for tagging during the January renewal period in the following year. The concerned LGU shall either give notice to the erring business enterprise to settle their obligation with the BFP before a business permit can be granted or grant a provisional Mayor's permit whereby the applicant will be given three months to settle their obligations with the BFP.

4.5.2 Cities and municipalities, which have organized Joint Inspection Teams, shall include the BFP as part of the joint inspection team to reduce the burden to business enterprises of multiple visits by the regulatory offices of the local government, the BFP and other national government agencies. Concerned cities and municipalities and the BFP shall conduct their annual or regular inspections of business enterprises outside the business permit renewal period.

5.0 Assessment of Fire Code Fees

5.1 Following the amended Fire Code of the Philippines, the BFP is mandated to assess the fire code fees due from business enterprises. In order for the LGUs to comply with the standards for processing business permits following the DTI-DILG Joint Memorandum Circular No. 1, series of 2010, requiring ***one-time assessment of fees***, the BFP will assign its personnel to co-locate with the assessor of the city/municipal governments so that

applying establishments will be transacting with only one office or window to get the assessment of business registration fees, including fire code fees, during the renewal of business registration every January. The BFP, depending on available personnel, may adopt a similar arrangement for assessing fees for new business registrants during the year.

5.2 However, in instances when the city/municipality has expressed its willingness to assess fees for the BFP, the Chief, BFP may allow City/Municipal Fire Marshall having jurisdiction over a city or municipality to enter into a memorandum of agreement (MOA) with the Local Chief Executive of said city/municipality that will allow the latter to assess the amount of fees for the issuance of business permits, building permits, occupancy permits and realty tax (except on structures used as a single family dwellings) as specified in sections 12.0.0.2 of the IRR of the Fire Code, provided the following conditions are met:

- 5.2.1 that the formula used by the city/municipality in computing for said fees are consistent with the requirements of the Fire Code, and has been certified as such by the BFP;
- 5.2.2 that the tax order of payment/tax bill where the fire code fees are included shall be certified/initialed by the BFP representative. This may require co-location of the BFP with the assessor from the concerned city/municipality
- 5.2.3 that the said city/municipality shall provide a list of business establishments assessed with respect to the taxes due to the BFP on a weekly basis.

6.0 Collection of Fire Code Fees

6.1 The Fire Code of the Philippines has stipulated that the BFP shall be responsible for the collection of fire code fees. In order for the LGUs to comply with the standards for processing business permits following the DTI-DILG Joint Memorandum Circular No.1, series of 2010, requiring **one-time payment of fees**, the BFP shall designate a collecting officer in January during the annual renewal of Mayor's permits, who shall be co-located with the designated cashier from the City/Municipal Treasurer's Office at the Business One-Stop Shop (BOSS) set up by the LGU. In this manner, the business applicant shall deal with only one cashier in the city hall. The BFP shall issue an official receipt for Fire Inspection Fees separate from the official receipt for Mayor's permit from the City/Municipality Treasurer's Office. During the business renewal period, the concerned local government shall provide an office space in the Treasurer's Office or the BOSS where payment of mayor's permits is made. The BFP, depending on available personnel,

may adopt a similar arrangement for collection fees for new business registrants during the year.

6.2 However, some local government units have expressed their willingness to be the collecting agents for the BFP, in order to facilitate the processing of business permits. In this connection, the Chief, BFP may allow the City/Municipality BFP to enter into a MOA with a city/municipality that will designate said local government unit to be collection officers for the BFP, provided that said MOA shall stipulate that the said city/municipality shall remit, in the form of a check payable to the BFP and no later than 5 days from the date of the transaction, the aforesaid taxes and fees due to the latter, together with a list of transactions and particulars used as basis of the payment of the taxes due to the BFP.

6.3 In cases when the city/municipality has adopted an online or mobile payment system as part of their business registration process, the LGU and the BFP shall coordinate in ensuring that the requirements of the BFP are integrated in the system and a separate payment arrangement is made with the BFP. In this manner, the business applicant will perform only one electronic payment transaction covering the sum of the amounts due to both LGU and BFP. The implementation may be any of the following options:

6.4

6.4.1 Electronic Payment Service Provider (EPSP) as the collection agent of the LGU and BFP. The DTI-DOF JDAO No. 10-01 Series of 2010 defines EPSP as entities that offer merchants, including government entities, online services for accepting electronic payments by a variety of payment methods. A three-way memorandum of agreement (MOA) is entered into by and among the LGU, BFP and the EPSP where the EPSP is responsible for providing the electronic payments infrastructure to enable the business applicants to pay the LGU and BFP, for depositing the collections from business applicants into the bank accounts of the LGU and BFP separately by the following banking day, for providing detailed electronic transaction history, audit trail, and collections report to LGU and BFP; where LGU is responsible for providing to the EPSP and BFP the total Business Permit/Tax amount assessed to the business applicants as basis for assessing the fire code fees, and; where the BFP is responsible to the EPSP and LGU for defining the formula for computing the fire code fees based on the total Business Permit/Tax amount. The electronic payments and collection service and the MOA must be in accordance with the DTI-DOF JDAO No. 02 Series of 2006, and the DTI-DOF JDAO No. 10-01

Series of 2010. If electronic official receipts will be issued to the business applicant, it must conform to COA Circular 2013-007.

6.4.2 LGU as the Collection Agent of BFP. A back-to-back memorandum of agreement (MOA) is entered into by and between the LGU and the EPSP, and between the LGU and BFP. In the LGU-EPSP MOA, EPSP is responsible for providing the electronic payments infrastructure to enable the business applicants to pay the LGU for the total amount of Business Permit/Tax and the fire code fee, for depositing the collections from business applicants into the bank account of the LGU by the following banking day, for providing detailed electronic transaction history, audit trail, and collections report to LGU, and; where LGU is responsible for providing to the EPSP the total Business Permit/Tax amount assessed to the business applicants as basis for assessing the fire code fees. The electronic payments and collection service and the MOA must be in accordance with the DTI-DOF JDAO No. 02 Series of 2006, and the DTI-DOF JDAO No. 10-01 Series of 2010. If electronic official receipts will be issued to the business applicant, it must conform to COA Circular 2013-007. In the LGU-BFP MOA, the BFP is accrediting the LGU as a collection agent which is responsible for remitting the fire code fees to the BFP's bank account within two (2) banking days upon LGU's receipt from EPSP, and for transmitting to BFP all the collections report for Business Permit/Tax and fire code fees from the EPSP. The BFP is responsible to the LGU for defining the formula for computing the fire code fees based on the total Business Permit/Tax amount.

6.4.3 Other implementation methods may be allowed upon mutual agreement between BFP and LGU provided that the electronic payments and collection service be in accordance with the DTI-DOF JDAO No. 02 Series of 2006, and the DTI-DOF JDAO No. 10-01 Series of 2010. If electronic official receipts will be issued to the business applicant, it must conform to COA Circular 2013-007.

7.0 Automating the Inspection System

7.1 Consistent with government initiative to automate the business permitting system in the Philippines, cities and municipalities are encouraged to integrate the automation of the inspection system with the business permit and licensing system (BPLS),

specifically in the following aspects: (1) development of a building and occupancy database; (2) computerization of past inspections results; and (3) use of a Geographic Information System (GIS) and other digital maps and searchable text files for zoning clearance purposes. The LGU, in coordination with the local Fire Marshall, shall integrate the requirements of the BFP especially with respect to sharing of databases on the business enterprises in the locality, the results of inspection findings and the assessment and collection of fire code fees, to the extent applicable.

7.2 In areas where the BFP has already installed a computerized system, LGUs are encouraged to integrate their computerized system with the BFP system to facilitate the exchange of information related to the FSIC and the issuance of business permit.

8.0 Signing of a Memorandum of Agreement with the Bureau of Fire Protection (BFP)

8.1 To facilitate coordination and interphase between the LGU and the BFP, a MOA should be adopted and instituted containing the following provisions, among others:

- 8.1.1 Integration of the FSIC form with the unified Business Permit Application Form;
- 8.1.2 Assessment, collection and remittance of Fire fees by the LGU to the BFP;
- 8.1.3 Co-location of the BFP collecting agent with the cashier from the city/municipal Treasurer's Office; and
- 8.1.4 Establishment of a shared computerized database between the LGU and the BFP.

9.0 Enforcement Clause

This Joint Memorandum Circular shall enforce all the provisions of Republic Act No. 9145 (Fire Code of the Philippines for 2008), Republic Act No. 9485 (Anti-Red Tape Act of 2007) and their Implementing Rules and Regulations.

10.0 Separability Clause

If any clause, sentence or provision of this Joint Memorandum Circular shall be invalid or unconstitutional, its remaining parts shall not be affected thereby.

11.0 Repealing Clause

All orders, rules and regulations inconsistent or contrary to the provisions of this Joint Memorandum Circular are hereby repealed or modified accordingly.

12.0 Effectivity

This Memorandum Circular shall take effect immediately.

MAR A. ROXAS
Secretary
Department of Interior and Local

Government

ANNEX 8. Guiding Principles of the Recommendations for the Review of Local Government Implementation of Standards for Processing Business Permits

1. Customer-centric Service

Since city/municipal governments are in business to provide services to its constituents, they must strive to make regulatory processes as easy and as less burdensome for clients. LGUs should try to keep investors satisfied. For those that are thinking of setting up a business, cumbersome registration processes may dissuade them from doing so. For existing businesses, regulations that hamper or impede their operations may make them think of relocating to the neighboring town or city. Such lead to negative effects to the local economy. The less number of forms, fewer fields to be filled up, and documents required, the better it is for applicants.

LGUs are encouraged not to use the BPLS process as a compliance or enforcement mechanism for matters not directly related to starting or operating a business. It is true that LGUs need to balance its information needs (to help them decide on applications) with the objective of minimizing the applicant's burden. But LGUs should give their best in requiring only the minimum data they need. Any additional requirements may just be unnecessarily putting burden on the constituents.

LGUs are encouraged to make the process more convenient to the extent that they can – e.g. by establishing one-stop-shops, undertaking the bulk of processes by the different offices rather than having the applicant go around all these offices, and making available various modes for submitting applications and paying business taxes and fees.

Being customer-centric means constantly assessing whether planned results are being achieved, and whether clients are satisfied, thus, the need for employing monitoring and assessment instruments.

2. “One Government”

Constituents, including business-owners and permit applicants, generally view government as one entire machinery, and do not usually distinguish between different offices and different levels (i.e. national and local government agencies). When one entity causes delays and issues, constituents blame the entire system. In fact, most of the time, even if other entities are at fault, the negative perception is placed on the LGU as clients physically apply at the city/ municipal hall.

It is useful to remember the saying “the system is only as good as its weakest link.” Even if majority of processes are efficient and going as planned, one or a few inefficient processes will negatively affect the entire system. Therefore, all the parts must be viewed as one system. Each process and entity must work properly and be in sync with other parts. For example, if assessment of business taxes and payment is done quickly but the printing and signing of permits encounter delays, it affects the entire process.

As such, LGUs are encouraged to establish clear arrangements with all offices involved, especially local offices of NGAs because LGUs do not have direct control over them. To the extent possible, information-sharing schemes can at least be agreed upon. This will contribute to creating a seamless process.

Also, even processes undertaken before the formal business registration affects the entire process. Businesses will still need to wait a long time before they can start operating their business even if it only takes less than a day to get a Mayor's permit, but months to secure construction-related permits (i.e. building and occupancy permits).

3. Efficiency

Being customer-centric and achieving “one government” means being more efficient. And efficiency means improving processes to avoid duplication, minimize the number of steps, save on resources (e.g. staff complement) required, and other actions to reduce unnecessary tasks.

In general, LGUs are encouraged to adopt this practice: if a document or information has already been submitted to another entity within the LGU, this should no longer be required to the client for any other procedure of the LGU. LGUs are strongly encouraged to put in place integrated information- sharing systems so that information is easily stored and retrieved by multiple offices. Computerized systems are even better as they further speed up processes and makes things efficient.

Moreover, changing the physical layout can also reduce the number of steps and speed up the entire process, even if processes are done manually. For example, LGUs with manual systems can set up “assembly line” flows for validating eligibility for renewals in a co-location facility instead of requiring the applicant to go to each of the different offices, thereby saving time.

4. Transparency

Another principle guiding is striving for increased transparency and accountability in line with the objective of the ARTA to promote “integrity, accountability, proper management of public affairs and public property as well as to establish effective practices aimed at the prevention of graft and corruption in government” (Section 2 of ARTA, Declaration of Policy).

Increasing transparency means that clients (registration applicants, in this case) are fully aware of the various elements of the process, including steps, requirements, and expected processing time. It is important that the LGU communicate these things clearly and with adequate lead time so that clients can make the necessary adjustments. This also entails minimizing unclear bases for establishing eligibility to secure permits and computing for requisite fees and charges, as well as reducing opportunities for subjective discretion of processing staff. The more processes there are that require staff discretion, the more opportunities there are for corruption. Automating processes can likewise help further curb such opportunities.

Linked to efficiency, simplifying and speeding up processes also help LGUs communicate and explain the process to the public. If it's simple, it's also easy to explain.

5. Maximizing Available Technologies to Automate Processes

These days, technology has become ubiquitous and applications more affordable than ever. Various firms and even the national government have developed systems that automate various LGU services, including business registration processes. Further, LGUs have started establishing their own Information Technology departments with some even beginning to develop complex systems on their own.

The technology is there, systems have been developed and deployed, and LGU staff are becoming competent in these technological processes. LGUs are therefore encouraged to maximize these available technologies to come up with better business registration processes.

Achieving outcomes of the other four guiding principles discussed above can be further facilitated by automation and computerized systems. Clients can be better satisfied with faster processing times enabled by computerized systems. Further linkage of the various concerned offices can be achieved by having common computerized information-sharing systems (e.g. databases). Linked to transparency, accountability, and efforts against corruption, automating processes removes elements of human interaction, thereby helping minimize corruption as well as human error.